



Maryland Municipal League
The Association of Maryland's Cities and Towns

TESTIMONY

February 27, 2024

Committee: House Ways & Means Committee

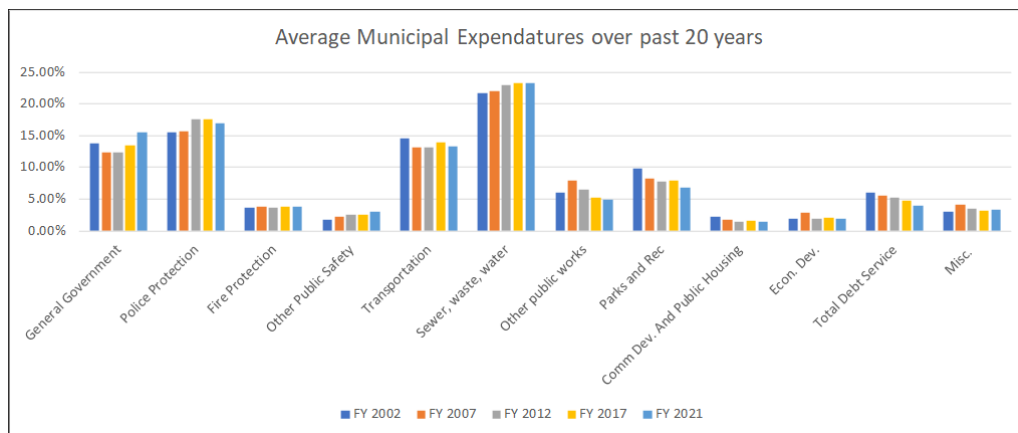
Bill: HB 1018 – Manufacturing Business Personal Property Tax – Exemption

Position: Unfavorable

Reason for Position:

The Maryland Municipal League opposes House Bill 1018, which would exempt all manufacturing equipment from personal property tax for small and medium sized businesses.

Municipalities need more revenue options, not fewer. Looking at the average municipal expenditures, it's clear that current revenues go almost exclusively to fund critical services, and there is little funding left over for other important place-making initiatives like community development, economic development, and housing. This means local governments would likely need to raise property taxes on the general public to provide a tax break to these businesses while maintaining services.



Without a definition for small and medium-sized enterprise, it is not clear how many municipalities would be impacted. Under the assumption that the bill is only intended to exempt manufacturing equipment – and not all personal property from those who manufacture goods – we estimate the



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bill could impact as many as 28 municipalities, totaling \$432,923 in lost revenue each year. Fifteen of those municipalities are in Prince George's County, accounting for \$341,015 annually.

For some towns, the revenues represent a tiny fraction of their budgets. For others, it may play a more important role. For example, the Town of Smithsburg in Washington County collected \$21,205 last year, and Walkersville in Frederick County collected \$43,939. Those revenues move the needle on important projects in small Maryland towns.

One of MML's priorities this year is to reduce municipal dependency on property taxes by creating new streams of revenue. If we can accomplish that, then the remaining municipalities that use personal property taxes to help balance their budgets will have the flexibility needed to make these considerations viable at the local level.

For these reasons the League respectfully requests that this committee provide House Bill 1018 with an unfavorable report.

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