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**TO:** Senate Budget and Taxation Committee

**BILL:** Senate Bill (SB) 516 - Property Tax - Day Care Centers, Child Care Homes, and Child Care Centers

**DATE:** February 12, 2025

**POSITION:** Letter of Support

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**Chair Guzzone and Members of the Senate Budget and Taxation Committee:**

The Maryland State Department of Education (MSDE) and the Maryland State Board of Education (State Board) support Senate Bill (SB) 516 – Property Tax - Day Care Centers, Child Care Homes, and Child Care Centers. This legislation proposes to exempt personal property used in connection with certain large family child care homes from valuation and taxation, additionally granting certain child care programs property tax credits and exemptions.

Child care programs, are small businesses, primarily sole proprietorships that require a significant amount of time, effort, funding and require considerable overhead expenses for staffing due to the ratio requirements and the health and safety needs of children. The space, materials, and supplies required by COMAR to meet the demands of remaining operational are paramount to maintaining compliance and providing quality programming. The suitability of materials, square footage and proper equipment as required to meet building, zoning and fire codes are all part of providing developmentally appropriate environments and activities for children. When considering all of the factors needed to run a successful quality child care program, all financial or in-kind benefits from the state may encourage small business owners to expand their business or enhance their current spaces.

Granting child care programs property tax credits and exemptions, as stipulated in SB 516, could decrease the total overhead costs associated with running a business. As a result, the bill may decrease expenditures for eligible programs by helping offset the expenses of maintaining the physical structure and day-to-day operations. Eligible child care programs could use these savings for other expenses required to support the stabilization of their program, including increasing salaries for some of the lowest wage earners in the state.

In summary, SB 516 may allow child care business owners to invest or reinvest in their child care programs. The bill could also lead to a growth in the availability of child care in the state, therefore increasing child care options for families seeking care. Operationally, the Licensing Branch would continue to ensure that child care programs have a valid registration or license in order to receive the full benefit from the proposed bill.

We request that the committee consider this information as it deliberates **SB 516**. Please contact Dr. Akilah Alleyne, Executive Director of Government Affairs at [Akilah.alleyne@maryland.gov](mailto:Akilah.alleyne@maryland.gov) or Zach Hands, Executive Director of the State Board at [zachary.hands1@maryland.gov](mailto:zachary.hands1@maryland.gov), if you would like any additional information.