



THE SENATE OF MARYLAND
ANNAPOLIS, MARYLAND 21401

Senate Bill 516 – Property Tax -Day Care Centers, Child Care Homes, and Child Care Centers

February 12, 2025

Mister Chairman and Members of the Budget & Taxation Committee:

Under current law counties are authorized to offer a tax credit for child care providers' real property, and a similar credit is available for businesses that create on-site space for child care. Neither tax credit (Tax-Property §9-213 and §9-214), has been changed since the 1980s, with the \$3,000 statutory cap on the provider credit having remained the same since 1989.

The current tax credits are of limited use due to the limitations on facility age and the low dollar amount which is set in state law. Montgomery County reports that only 5 child care providers received the county's property tax credit in the most recent levy year (2023), with a total of just \$11,122 in child care property tax credits awarded countywide.

To date, only four counties have taken advantage of one or both of the credits:

- Frederick County: offers the §9-213 credit for child care providers
- Harford County: offers the §9-214 credit for businesses
- Howard County: offers both credits
- Montgomery County: offers both credits

In a December 2024 report by the Comptroller on the state of child care, it was noted that Maryland has experienced a 15.5% decline in licensed child care providers and a 5.5% decline in overall child care capacity in just the past few years. Home-based child care providers have experienced the most significant declines in that span, with a net loss of over 1,000 registered providers for an overall rate of decline of 21.6%.

Senate Bill 516 – which is enabling legislation – will do several things:

- Broadens two child care-related property tax credits already allowed in state law so that any registered child care provider or business that offers on-site child care – regardless of the age of their building – could qualify for a local tax credit (subject to their county's specific implementing legislation).
- Raises the limit on the property tax credit for child care providers (§9-213) from \$3,000 to \$10,000 and conforms the tax credit for businesses (§9-214) to the same limit.
 - Note: The existing caps on local tax credits are \$3,000 in Frederick (§9-213 credit), Howard (both credits), and Montgomery Counties (both credits) and \$10,000 in Harford County (§9-214 credit).
- Makes large family child care homes eligible for both credits; child care centers and family child care homes are already eligible under current law.
- Exempts large family child care homes from taxes on personal property; family child care homes are already exempt under current law.

- Note: In 2022, the General Assembly raised the exemption from personal property assessment for all Maryland businesses from \$2,500 to \$20,000.
- Makes technical changes to certain references in the code, including adding Baltimore City to the provisions allowing all counties the authority to adopt additional eligibility criteria when implementing the credits.

The need for safe, quality child care is more important than ever to build our economy by allowing parents to enter or return to the workforce and by promoting childcare businesses. This enabling legislation is just one more tool to help us meet those goals and so I respectfully request a favorable report on Senate Bill 516.