



February 10, 2025

The Honorable Members of the Maryland General Assembly  
Ways and Means Committee  
Annapolis, MD 21401

Dear Honorable Members,

I am writing to express my strong support for House Bill 168, which proposes to exempt personal property in the possession of small and medium-sized manufacturing businesses from property tax. As the CEO of Chesapeake Specialty Products Inc. (CSP), a company that has been a cornerstone of the local economy for almost four decades, I can attest to the direct benefits this legislation would bring to our business and community.

At CSP, we specialize in the production of high-quality metal abrasives and sand additives for various industries including automotive, aerospace, and construction. Our operations involve significant investment in machinery, tools, and inventory, all of which have/would qualify under the new definition provided by this bill.

The proposed tax exemption would provide much-needed financial relief for manufacturers in the state who do not already have this benefit, and allowing us all to reinvest the savings into our operations.

Here's how this bill positively impacts our business:

1. **Job Creation and Retention:** With the financial savings from this tax relief, we can consider expanding our workforce or at least maintain current employment levels amidst economic fluctuations. This is particularly crucial in an era where manufacturing jobs are often at risk of moving to regions with lower operational costs.
2. **Capital Investment:** The tax savings would enable us to update our aging machinery, invest in new technology, or expand our facilities. This not only increases our efficiency and competitiveness but also supports local suppliers and service providers who would be involved in such projects.
3. **Economic Growth:** By fostering an environment where small and medium-sized enterprises (SMEs) can thrive, this bill indirectly boosts the local economy. Companies like ours contribute significantly through taxes on income, sales, and other business activities, not to mention the multiplier effect of employee spending within the community.
4. **Environmental Impact:** Modernizing equipment often leads to more energy-efficient operations, thus reducing our carbon footprint. This aligns with Maryland's environmental goals and supports the broader community's well-being.

The current property tax structure in certain jurisdictions places an undue burden on local manufacturers, especially when competing with states that offer similar tax incentives. House Bill 168 levels the playing field, encouraging businesses to stay and grow in Maryland, thereby stabilizing and enhancing our local manufacturing base.

I urge you to support this bill for the immediate and long-term benefits it promises not just for CSP, but for all SMEs in the manufacturing sector across Maryland. Thank you for considering this vital legislation.

Sincerely,

Ken Sanchez  
President/CEO  
Chesapeake Specialty Products, Inc.