



House Bill 296

Personal Property Tax - Exemption for Low Assessments - Alteration

MACo Position: **SUPPORT**

To: Ways and Means Committee

Date: February 4, 2025

From: Kevin Kinnally

The Maryland Association of Counties (MACo) **SUPPORTS** HB 296, which advances transparency and taxpayer fairness in Maryland's business personal property tax system. The bill preserves tax relief for small businesses while allowing the State Department of Assessments and Taxation (SDAT) to collect basic eligibility information, ensuring proper oversight without adding unnecessary burdens.

HB 296 addresses a flaw in the current system. In 2022, the General Assembly amended the law to exempt businesses with personal property valued under \$20,000 from taxation, eliminating the requirement to file a return with SDAT. While well-intended, this restriction prevents SDAT from verifying eligibility, increasing the risk of misclassification and revenue discrepancies that impact local fiscal planning and essential public services.

This bill maintains the exemption while restoring SDAT's ability to collect basic information, ensuring that only qualified businesses benefit. Maintaining accurate tax records promotes fairness among businesses and helps counties effectively manage local revenue needs.

HB 296 strikes a reasonable balance between taxpayer relief and responsible tax administration. Counties depend on accurate data to assess economic conditions and make informed budget decisions. This bill supports practical and sustainable fiscal policy by allowing SDAT to verify eligibility without imposing new taxes or liabilities.

Accordingly, MACo urges the Committee to issue a **FAVORABLE** report on HB 296.