



House Bill 389

Property Tax – Day Care Centers, Child Care Homes, and Child Care Centers

MACo Position: **SUPPORT**

To: Ways and Means Committee

Date: February 4, 2025

From: Kevin Kinnally

The Maryland Association of Counties (MACo) **SUPPORTS** HB 389, which enhances local flexibility to incentivize and support childcare providers through targeted property tax incentives. This bill bolsters counties' ability to encourage childcare expansion, addressing a critical need for Maryland families, employers, and economic development.

Childcare availability remains a significant challenge, impacting workforce participation and economic mobility. HB 389 expands an existing local-option property tax credit counties may offer for childcare facilities. Current law allows counties to provide a real property tax credit of up to \$3,000 annually for qualifying childcare centers. This bill broadens eligibility to include large family childcare homes and increases the maximum allowable credit to \$10,000 per property.

Additionally, the bill extends an existing personal property tax exemption to include personal property used by large family childcare homes, ensuring consistency with the tax treatment of traditional childcare centers. These updates provide counties with a practical, locally driven tool to encourage childcare investment and address growing workforce needs, helping support economic stability and community well-being.

This legislation provides counties with a valuable tool to encourage childcare investment while preserving local autonomy. It also allows local governments to tailor tax incentives to meet community needs by authorizing counties to determine eligibility, set credit amounts, and adopt regulations that support childcare providers while balancing fiscal considerations.

Access to affordable childcare is essential for economic stability and workforce retention. HB 389 offers a reasonable and practical approach to bolstering childcare availability through targeted tax incentives while maintaining proper flexibility for county governments.

Accordingly, MACo urges the Committee to issue a **FAVORABLE** report on HB 389.