

TESTIMONY

February 18, 2025

Committee: House Ways and Means Committee

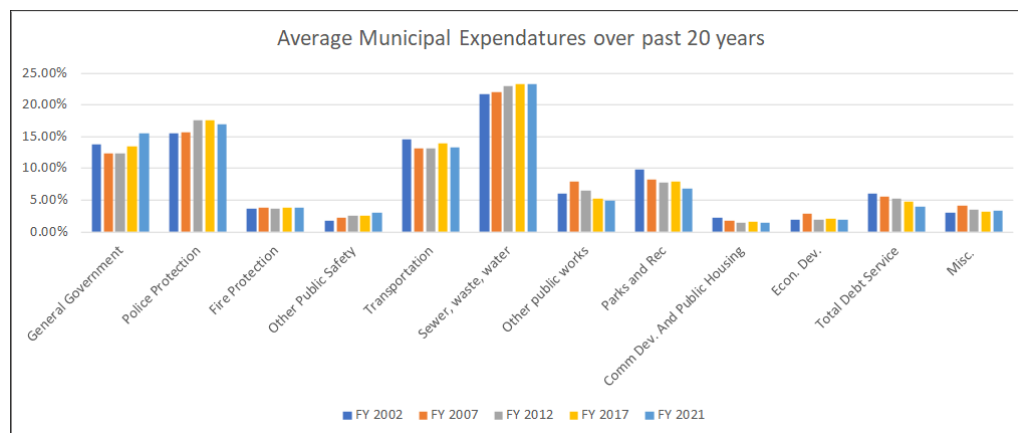
Bill: HB 168 – Manufacturing Business Personal Property Tax – Exemption

Position: Oppose

Reason for Position:

The Maryland Municipal League opposes House Bill 168, which would exempt all personal property in the possession of a person engaged in a manufacturing business that is a small or medium-sized enterprise, including any special taxing district property tax.

Municipalities need more revenue options, not fewer. Looking at average municipal expenditures, it's clear that current revenues go almost exclusively to fund critical services, and there is little funding left over for other important place-making initiatives like community development, economic development, and housing. This means local governments would likely need to raise property taxes on the general public to provide a tax break for these businesses while maintaining services.



Without definitions for small and medium-sized enterprise or “a person engaged in a manufacturing business,” it is not clear how many municipalities would be impacted. Likely, this would be well in excess of last year’s HB 1018 which carried a \$4.8 million fiscal note across 57 municipalities.

For some towns, the revenues represent a tiny fraction of their budgets. For others, it may play a more important role. For example, the Town of Smithsburg in Washington County collected \$21,205 last year in manufacturing personal property taxes, and Walkersville in Frederick County collected \$43,939. Those revenues move the needle on important projects in small Maryland towns.

One of MML's priorities this year is to reduce municipal dependency on property taxes by creating new streams of revenue. If we can accomplish that, then the remaining municipalities that use personal property taxes to help balance their budgets will have the flexibility needed to make these considerations viable at the local level.

For these reasons, the Maryland Municipal League respectfully requests an ***unfavorable*** report on House Bill 168. For more information, please contact Justin Fiore, Deputy Director of Advocacy and Public Affairs, at justinf@mdmunicipal.org. Thank you in advance for your consideration.

The Maryland Municipal League uses its collective voice to advocate, empower and protect the interests of our 161 local governments members and elevates local leadership, delivers impactful solutions for our communities, and builds an inclusive culture for the 2 million Marylanders we serve.

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