

LILY QI
Legislative District 15
Montgomery County

Economic Matters Committee

Chair
Business Regulation Subcommittee

House Chair
Joint Committee on Federal Relations



The Maryland House of Delegates
6 Bladen Street, Room 223
Annapolis, Maryland 21401
410-841-3090 · 301-858-3090
800-492-7122 Ext. 3090
Lily.Qi@house.state.md.us

THE MARYLAND HOUSE OF DELEGATES
ANNAPOLIS, MARYLAND 21401

February 18, 2025

Dear Members of the Ways and Means Committee,

HB168 exempts small and medium-sized manufacturing equipment and inventory from municipal business personal property tax.

Manufacturing is a key strategic industry for Maryland, accounting for around 113,656 jobs in our state and approximately 8% of Maryland's economic activity. It also accounts for 62% of our state's exports. In 2023, the manufacturing industry contributed \$27 billion to Maryland's GDP.

However, manufacturing is also an extremely risky and expensive industry because of its capital-intensive nature required for equipment and inventory storage. HB168 aims to reduce local personal property tax burden for small and medium manufactures throughout our state.

State law currently authorizes counties and municipalities to exempt manufacturing equipment from business personal property tax. While almost all counties in Maryland have such an exemption, only 1 in 3 municipalities exempt business personal property tax, and the rates of this tax vary widely across each municipality. Of the 189 municipalities in Maryland, only 61 exempt manufacturing equipment and inventory. The dramatic differences between municipalities creates confusion and uncertainty in business decisions about starting and expanding manufacturing in our communities.

HB168 addresses this issue by exempting the business personal property tax for manufacturing equipment and inventory at the municipal level. By doing so, this legislation seeks to level the playing field for small and medium-sized manufacturers statewide.

In a year with much financial uncertainty, ensuring the businesses who meaningfully contribute to our state revenues are stable and able to grow is more important than ever. Thank you for your consideration, and please do not hesitate to reach out with any questions.

Sincerely,

A handwritten signature in black ink, appearing to read 'Lily Qi'.

Delegate Lily Qi