

Testimony in support of HB168 by Julie Verratti

2/18/25

Thank you Chair Atterbeary, Vice Chair Wilkins, and members of the committee. Thank you Delegate Qi for sponsoring HB168 again this year.

My name is Julie Verratti and I am one of the Founders of Denizens Brewing Company in Riverdale Park. We are a small, woman and family owned and operated manufacturing company, and have been in business for more than 10 years. We currently employ about 20 people on our team.

I submit this testimony in strong support of HB168, which will allow small manufacturing businesses like ours to be exempt from being charged property taxes on manufacturing equipment and inventory at the municipal level. This is the second year I have submitted testimony on this bill, and I am hoping the committee will pass it this year.

Each year we pay thousands of dollars to the county for property taxes, even with manufacturing equipment and inventory being exempted.

However, our municipal government has not exempted those categories. In the less than six years we have operated in Riverdale Park, they have charged us more than \$60,000 in property taxes alone. What is most unfair about this is that small manufacturers located in other municipalities aren't charged any taxes for their manufacturing equipment or inventory. And if we were located just a half mile north, we would be in a different municipality and would be charged closer to \$50,000 for that same equipment and inventory. (To be clear, that is still an astronomically high number.) The different property tax rates charged (or not) on small manufacturing businesses is anti-competitive and disincentivizes business growth, especially at a time when Maryland needs to increase its business activity. It also doesn't make sense that a local municipality is charging small businesses for their annual property taxes at a rate that is more than 5x what the county is charging.

When we opened our operations in Riverdale Park in 2019, we had to personally guarantee debt just shy of \$3 million dollars to build out our facility and purchase all of the necessary manufacturing equipment. We are still paying down the loan we took out to purchase this manufacturing equipment. Being taxed at this level is blocking our ability to pay down the almost \$2 million we still owe.

There are real world consequences to taxing small businesses like this. It's the difference between hiring another person or giving our current employees a raise. It disincentivizes us from purchasing more equipment, which means we are not growing, not adding more jobs, nor generating more activity in the local economy. This is not sustainable, and the annual depreciation is not fast enough on its own to drive down this astronomical tax.

At the most drastic level it could mean having to close our doors because we can't afford to exist anymore, or because no matter how hard we try, or how much we cut costs, or raise prices, the ability to make a profit is no longer possible. And once that happens, owning a business just doesn't make sense anymore.

I am asking for this committee to please vote in favor of HB168 and help small manufacturers succeed in this state.

Thank you,
Julie Verratti
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