

Testimony in support of HB 1243 by Julie Verratti

Thank you Chair Wilkins and Vice Chair Feldmark. Thank you also to Delegate Williams for sponsoring the bill.

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 12 years. We currently employ about 25 people on our team.

I strongly support this bill, which will allow small manufacturing businesses like ours to have our manufacturing equipment and inventory be exempt from being charged against business personal property taxes at the municipal level. Even with this exemption, we will still pay a couple thousand dollars a year to the town from all the non-manufacturing equipment we own.

Currently, Prince George's County exempts manufacturing equipment and inventory from the business personal property tax

calculations. However, our town, and many other towns in the county do not.

Since 2019 the town has charged us about \$90,000 in business personal property taxes, and during that same time period, the county has charged us about \$22,000. In neighboring jurisdictions, small manufacturers aren't charged any taxes for their manufacturing equipment or inventory at the county or municipal level.

We pay a lot in taxes to the county and town each year. Beyond the business personal property taxes, we pay about \$85,000 a year in real property taxes.

These tax rates on small manufacturing businesses are anti-competitive and they disincentivize business growth, especially at a time when the county needs to increase its business activity. These rates prevent us from hiring more people or giving more benefits. It stops us from purchasing more equipment, which means we are not growing. These rates are hindering our ability to pay down our \$2 million loan for the equipment.

Further, why would a local municipality charge a rate that is more than 4x what the county is charging? This is not sustainable, and the annual depreciation is not fast enough on its own to drive down this astronomical tax that is overburdening individual business.

At the most drastic level the consequences of not exempting this equipment and inventory could mean we have to close our doors because our business can't afford to exist anymore. Tax policy should encourage business growth - not tamp it down to the point of forced closure.

I am asking for this committee to please vote in favor of HB 1243 to help small manufacturers succeed in Prince George's County.