



## Senate Bill 491

*Property Tax - Taxation of Business Property - Tax Rates, Exemptions, and Credits*

MACo Position: **OPPOSE**

To: Budget and Taxation Committee

Date: March 2, 2022

From: Kevin Kinnally

The Maryland Association of Counties (MACo) **OPPOSES** SB 491. This bill would generally exempt all personal property from taxation, other than operating personal property of a railroad or a public utility and other specified property. In addition, the bill would arbitrarily cap county and municipal personal property tax rates.

**This bill would drastically undermine county revenue structures and deplete limited local funds for schools, public health, public safety, roadway maintenance, and other essential public services for Maryland families.**

Current law authorizes counties and municipalities to set a personal property tax rate at no more than 2.5 times the rate for real property. SB 491 would exempt all personal property from taxation, other than operating personal property of a railroad, public utility, health club, fitness club, fitness center, or health spa. In addition, the bill would cap county and municipal personal property tax rates at \$2 per \$100 of assessment. Further, the bill would authorize local governments to grant a property tax credit for businesses subject to the personal property tax, as specified under the bill.

MACo is concerned with the carryover county fiscal effects of this legislation and would prefer approaches that provide local autonomy to determine the best way to provide these incentives, rather than those that mandate reductions in local revenue sources. Counties, led by their elected leaders who are directly accountable within the community, are in the best position to make decisions on local affairs – ranging from land use to budget priorities.

Counties stand ready to work with state policymakers to develop flexible and optional tools to create broad or targeted tax incentives, but the significant costs of this bill are simply untenable. Cuts of this magnitude on essential government services would wreak havoc on public health, education, public safety, and quality of life for shared constituents. Accordingly, MACo urges the Committee to issue an **UNFAVORABLE** report on SB 491.