

March 9, 2021

Ways & Means Committee Chair Kaiser, Vice Chair Washington and Members, on behalf of the Montgomery County Coalition of Clubs thank you for the opportunity to provide testimony on HB1120. The Coalition of Clubs is opposed to HB1120.

The statewide statute providing for the assessment rate for non-publicly owned golf courses and country clubs was passed by the Maryland Legislature and signed by Governor Glendening in 2002. The state took this action because the Maryland Department of Assessments and Taxation was aggressively moving to increase these assessments to highest and best use value, meaning taxing those acres as if they would be developed. The overwhelming majority of the golf course acres are in being used for the golf course. The property that includes club houses, restaurants and any other facilities are not covered under this property tax provision and therefore are assessed and taxed at the full rate.

**The total acreage of golf courses that are not owned by Counties or Municipalities is over 18,000 acres.** Could you imagine if these acres were developed with housing and commercial properties. The burden that this would place on County infrastructure such as schools, public safety, transportation and other needs would be enormous. If the land currently occupied by clubs would be turned into residential development, congestion would be magnified significantly. Current law is an incentive to keep that from happening.

This statutory provision is not unique. The state and the Counties have numerous land conservation and preservation programs from agricultural land preservation to program open space to historic property tax credits.

I believe it is critical to fully understand the number of employees that work at these clubs. **There are over 14,500 people working at these clubs. These clubs pay over \$400 million dollars a year in wages and benefits to their employees.** Clubs traditionally pay their employees significantly more than other hospitality industry jobs, and they have a much longer employment tenure than other hospitality employers. If this statute was to be repealed and these businesses are hit with significantly higher property taxes, a not insignificant number of jobs would be in jeopardy.

Should this measure pass and clubs close, the impact would not just be felt with those clubs' employees but with all local businesses that serve those clubs. Clubs purchase hundreds of thousands of dollars of goods and services from local businesses in their regions per month – from linen suppliers to liquor vendors, from food providers to landscaping firms. All of these businesses would find their revenues impacted negatively with the loss of club clients. That economic impact could cause a ripple effect in the state and disrupt more than golf clubs.

Finally, the current law may seem as though it is a benefit to clubs, but it is actuality a benefit to the entirety of Maryland. When the law was passed, it was done because those in the legislature knew that open spaces are essential for a quality of life for all residents. Because of this law, these

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lands are not filled with townhomes, condos or apartment buildings. They have trees, wildlife, creeks and a sense of calm that would not be found if they were gone. In addition, the homes around these courses invariably have much higher assessed real estate values than those not around golf courses. So, the counties and the state receive an ancillary benefit in tax revenue because the clubs are there.

**It also must be clear that the Coalition of Clubs agreed with the Maryland General Assembly in the 2020 Legislative Session to make changes to the current law that will increase the golf course land property tax assessment from \$1,000 per acre to \$5,000 per acre over a three year period with an inflation index going forward. This was something that both sides agreed to and we feel that HB1120 violates that agreement and action.**

In the end, this law is a tax incentive. It is the same kind of tax incentive as any other tax incentive provided by counties and the state to a business. It is intended to promote a behavior that is beneficial to the counties and the state.

I respectfully request an unfavorable report on HB1120 for the reasons stated above.

Thank you for your consideration.

Patrick "P.J." Hogan