

SB 274- Property Tax Exemptions.pdf

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Central Maryland Chamber
The Center of Intelligent Business

Senate Bill 274

Property Tax- Exemptions for Business Personal Property- Alterations

Senate Budget and Taxation

January 31, 2022

Dear Chairman Guzzone and Members of the Committee,

The Central Maryland Chamber of Commerce (CMC) was formed in 2017, a merger of two existing chambers- The Baltimore Washington Corridor Chamber (originally founded in 1948) and the West Anne Arundel County Chamber (originally founded in 1962). The CMC is a regional organization representing approximately 350 businesses in the Central Maryland corridor and exists to be the primary business resource and advocate as the area experiences exponential growth.

The Central Maryland Chamber is writing in support of SB 274.

SB 274 would increase in the personal property exemption limit from \$10,000 to \$20,000. This bill also prohibits SDAT from requiring a personal property tax return from businesses that qualify for the personal property tax exemption.

This change will allow businesses with limited personal property amounts to avoid filing a business personal property tax return- which creates meaningful time and fiscal savings for many of our small businesses. While small businesses are still struggling to recover from impacts of the pandemic, small changes like this can make a big difference to these businesses.

With the cost of goods increasing, SB274 also creates tax relief for small businesses who would now be exempt at the \$20,000 limit.

The Central Maryland Chamber requests that you support SB274.

Sincerely,

Kristi Simon
President & CEO
Central Maryland Chamber of Commerce

SB 274_MDCC_Property Tax - Exemption for Business

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Position: FAV



LEGISLATIVE POSITION:

Favorable

Senate Bill 274

Property Tax - Exemptions for Business Personal Property – Alterations

Senate Budget and Taxation

Wednesday, February 2, 2022

Dear Chairman Guzzone and Members of the Committee:

Founded in 1968, the Maryland Chamber of Commerce is the leading voice for business in Maryland. We are a statewide coalition of more than 5,500 members and federated partners working to develop and promote strong public policy that ensures sustained economic recovery and growth for Maryland businesses, employees, and families.

SB 274 would alter the eligibility for exemptions from the personal property tax for personal property of a home business or personal property with a total original cost below \$20,000. The bill also prohibits SDAT from collecting the property information or requiring the submission of a personal property tax return from businesses that qualify for the personal property tax exemption.

Small businesses are the backbone of Maryland's economy, and many are still working to recover from the COVID-19 pandemic. Proposals such as SB 274 provide real relief to small businesses and individuals in the State by modestly increasing the maximum total of personal property (excluding vehicles) that is exempt from taxation to \$20,000. In addition to this, SB 274 also removes the burden that an individual must submit a personal property tax return if they qualify for the exemption.

SB 274 is a great example of government supporting small businesses and consumers by taking a proactive approach to targeted economic recovery. As inflation continues to rise, many small businesses and individuals are finding it harder to remain under the current \$10,000 threshold. This bill would help ensure that small businesses continue to thrive and stay in Maryland.

The Maryland Chamber of Commerce respectfully requests a **favorable report** on **SB 274**.

SB 274 Testimony.docx.pdf

Uploaded by: Antonio Hayes

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THE SENATE OF MARYLAND
ANNAPOLIS, MARYLAND 21401

February 2nd, 2022

Testimony of Senator Hayes in Support of Senate Bill 274:

Property Tax - Exemption for Business Personal Property Alterations

Chairman Guy Guzzone and Members of the Budget and Taxation Committee,

It is my honor to bring before you a bill that benefits the hearts of our communities, small businesses. Business Personal Property Tax, often referred to as Personal Property, is an assessment against businesses set by the Counties and administered by The Department of Assessments and Taxation (SDAT).

Currently, all Maryland counties except for Caroline, Dorchester, Frederick, Garrett, Kent, Queen Anne, and Talbot County assess Business Personal Property. There is no state personal property tax, so this bill does not impact state revenues.

The purpose of SB274 "Property Tax - Exemptions for Business Personal Property - Alterations" is to help small businesses get rid of the burden of filing personal property tax returns with SDAT. It can be quite expensive for a business to file a personal property tax return as an accountant is often required to generate and file this annual return.

In many instances the tax assessed is lesser than the expense of complying with the filing. SB274 helps alleviate a burdensome and inefficient compliance requirement.

By way of example, the average tax bill for businesses in Anne Arundel County is \$80. The number is even less for Montgomery County, where the average tax bill is \$59. By contrast the accounting fees to generate and file the report commonly exceed \$500.

The fiscal note was written to indicate the maximum amount of anticipated losses by the counties. Actual losses may be much less. For instance the fiscal note reflects that every business has \$20,000 of Taxable Property. However, if businesses own \$10,000 to \$19,999 of Taxable Property the fiscal impact would be lesser.

It is important to also highlight that the majority of Personal Property revenue comes from Public Utilities/Railroads. No changes have been made to their taxes.

Delegate Henson has worked closely with SDAT in crafting this bill, and SB274 has no fiscal impact on the Department. In fact, The Department expects some reduced expenditures for not having to store the exempted returns. The Department has also indicated that there will be significant savings related to SDAT not having to assess these returns, allowing SDAT to reallocate resources to where they're needed the most: audit functions and assessing returns faster.

In total, this bill would exempt over 14,000 small businesses from filing a Business Property Tax return with SDAT.

I urge a favorable vote with a friendly amendment that will conform the Senate version to the House version of this cross-filed bill.

Respectfully,



Senator Antonio L. Hayes
40th Legislative District – MD