



House Bill 1190

County Property Tax – Personal Property Rate

MACo Position: **SUPPORT**

Date: April 3, 2013

To: Budget and Taxation Committee

From: Andrea Mansfield

The Maryland Association of Counties (MACo) **SUPPORTS** HB 1190. This bill would authorize a county to set its personal property tax rate at no more than 2.5 times the rate for real property. The flexibility afforded under this bill is one of MACo's legislative initiatives for the 2013 session.

Under current law, the personal property tax rate is completely inflexible -- automatically at 2.5 times the real property tax rate. This means that as the real property rate fluctuates up or down, the personal property rate will also fluctuate. With property assessments declining and many counties increasing real property tax rates, businesses have also seen an increase in the tax rate that is applied to their personal property. In these difficult economic times, requiring businesses to pay more taxes on existing and new equipment is a drag on economic growth and may deter new businesses from locating in certain counties. Decoupling these rates will allow counties to set rates for both real and personal property at levels that are reasonable for the county.

MACo believes this legislation is pro-business and will promote economic development. Decoupling the personal property tax rate from the real property tax rate would allow counties to incentivize business investment using a deliberate approach rather than one that is lock-step with the more general real property tax rate.

Accordingly, MACo urges the Committee to issue a **FAVORABLE** report on HB 1190.