



Maryland Chamber of Commerce

Legislative Position

**SB 446
OPPOSE**

**Budget &
Taxation
Committee
3/11/09**

SB 446

State Property Tax - Homestead Property Tax Credits

Bill Summary: This bill would lower the annual assessment cap on owner-occupied residential property for state property tax purposes from 10% to 5%.

Chamber Position: The Maryland Chamber opposes this bill. By attempting to lower property taxes on owner-occupied residential properties, the bill would push additional taxes to business properties. The bill is unfair, unconstitutional, and ill-advised at a time when many businesses are struggling to survive in this difficult economy. We oppose the bill for the following reasons:

- **More tax burden shifts to business** – By lowering the assessment caps for owner-occupied residential properties, this bill would further shift property tax burdens to business property. The homestead property tax credit already shifts \$1 billion in property taxes toward businesses. In some counties as much as one-quarter of their assessable base is untaxed by virtue of this credit. It would be unfair to compound the current tax discrimination with a further tax burden on businesses.
- **The bill is unconstitutional** – The Attorney General has repeatedly advised the General Assembly that the homestead property tax credit is unconstitutional because it violates Article 15 of the Maryland Declaration of Rights, which requires uniformity of taxation by class and subclass of property (72 Op. Att’y Gen. 350 (1987)). By lowering current assessment caps this bill exacerbates current tax discrimination and hastens the day when the program will be challenged in court and struck down.

For these reasons, the Maryland Chamber urges that this bill be given an unfavorable report.

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