



**Testimony of the Greater Silver Spring Chamber of Commerce
MC 906-09 - Montgomery County - Property Tax - Classes of Property and Special Rates
House Hearing for Local Bills
Thursday, December 11, 2008**

Good evening. My name is Jane Redicker. I am President of the Greater Silver Spring Chamber of Commerce. The Chamber is a membership organization representing some 400 businesses, small and large, which together provide more than 15,000 jobs in Montgomery County. The majority of our member companies, almost 70 percent, have fewer than 10 employees; half of our members (50 percent) have fewer than 5 employees.

I come here this evening to remind you, our elected representatives, that business -- especially small business -- is the economic engine of our County and our State, and to ask you to protect this engine when you go to Annapolis next month. We recognize that your task during the coming legislative session will be a difficult one. The State is facing serious financial challenges. At the same time, we urge you to recognize that businesses likewise are caught in some of the worst economic times we've ever experienced.

Every day, our Chamber hears from small business owners who are fighting with everything they have just to survive into 2009; some are not going to make it. Some of our large businesses are laying off employees. Small businesses are not hiring for the positions they had created. As credit has tightened, businesses are struggling to get commercial loans; many are not getting them. It's important to note that in Silver Spring alone, the commercial building vacancy rate has nearly doubled from 7.7 percent at the end of last year to 13.7 percent last week. Our restaurants and retailers report much lower sales. Even the volunteer manager of one of our community theaters reported that Friday-night ticket sales are "way off."

I'm not here just to paint a picture of gloom and doom. I've always been a cheerleader for business. I believe that part of the reason chambers of commerce exist is to help businesses come together and support each other, do business with each other, in the good times and the difficult. But in Silver Spring, we face the challenge of being still in the infancy of our economic development. Indeed, as many of you have heard me say, Silver Spring has come a long way in the past ten years, but, as many of you have also heard me say, we're not done yet. And the current economic challenges scare us.

At the same time, our members feel that they are operating in what has become an increasingly business-unfriendly environment...an environment in which they are expected to bear an unfair share of the State's and County's tax burden. At the local level, businesses are constantly struggling with what seems to be a never-ending list of new taxes, new fees, new rules and regulations...all making it more and more difficult and expensive to do business in Montgomery County. And, while we have heard that there will be no appetite for new taxes in Annapolis this session, we fear that it does not apply to new taxes on business.

That is why we are here today to oppose MC 906-09, and any other legislation that would place on business an unfair share of the burden for funding State and County budgets.

We oppose MC 906-09 for three reasons.

First, it is unfair. It creates a distinction between users of property without a rational basis for that distinction. It provides a mechanism for placing disproportionate tax burden on business. In the District of Columbia, where this practice is in place, commercial and industrial property owners pay a much higher tax rate on their properties -- \$1.85 per \$100 of assessed value -- than residential property owners - \$0.85 per \$100 of assessed value. In addition, the legislation would compound the already disparate tax treatment of business owners who, unlike owner-occupied residential property owners, do not receive the tax benefits of the Homestead Tax Credit Program, which granted \$203 million in tax relief to residential property owners this year.

Fairness dictates that the responsibility for financing the government should be borne by all property owners equally so that the tax burden on certain classes of property is not oppressive.

Second, we oppose this legislation because it is ill-timed. As I already said, our businesses are fighting for their lives in this economy. Lending is tight and the commercial real estate market is on the decline. Any increase in property taxes will only further threaten the viability of many of our members. Business simply cannot withstand an additional tax burden in this economy.

Third, this legislation harms the economic competitiveness of Silver Spring and Montgomery County. Earlier this year, Silver Spring lost the opportunity to bring in a major employer because our combination of taxes, fees, regulations and processes were too onerous to make us a viable consideration. This legislation would only add to the problem, singling out Montgomery County businesses for hostile tax treatment and making Baltimore, Howard County or Prince George's County more attractive to businesses and jobs.

In conclusion, as the Chamber of Commerce, we strongly believe that the most effective tool for assuring that the County and State have the needed revenues is a strong and vibrant business community. When business is thriving, more goods and services are traded, generating more tax dollars. And, more jobs are created, generating increased income tax revenue. Business can continue to be the economic engine of the State – even in the tough times -- but it cannot do so when it is over-burdened by regulation, taxes and fees. We urge you to withdraw or oppose MC 906-09 as well as any other legislation that would place on business an unfair share of the burden for funding the budgets of our State and County.

Thank you.