HOUSE BILL 1164

Q2 5lr2886

By: Washington County Delegation

Introduced and read first time: February 23, 2015 Assigned to: Rules and Executive Nominations

A BILL ENTITLED

1 AN ACT concerning

Washington (County - Property	Tax Credit –	- Economic Dev	elopment Projects
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- FOR the purpose of expanding a certain property tax credit for certain business entities in Washington County to include certain business entities that invest a certain amount for capital improvements of certain real property and create a certain number of new and permanent full—time positions in Washington County; providing for the amount and duration of the property tax credit; making conforming changes; providing for the application of this Act; and generally relating to a property tax credit in Washington County for real property owned or leased by certain business entities.
- 10 BY repealing and reenacting, with amendments,
- 11 Article Tax Property
- 12 Section 9–323(f)
- 13 Annotated Code of Maryland
- 14 (2012 Replacement Volume and 2014 Supplement)
- 15 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND,
- 16 That the Laws of Maryland read as follows:
- 17 Article Tax Property
- 18 9–323.

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- 19 (f) (1) (i) In this subsection the following words have the meanings 20 indicated.
- 21 (ii) "Affiliate" means a person:
- 22 that directly or indirectly owns at least 80% of a business

23 entity; or



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$\frac{1}{2}$	business entity.	2.	at least 80% of which is owned, directly or indirectly, by a
3 4 5	(iii) in the State that is subject premiums tax.		ness entity" means a person conducting a trade or business the State individual or corporate income tax or insurance
6 7	(iv) hours of an individual's t		-time position" means a position requiring at least 840 ring at least 24 weeks in a 6-month period.
8 9 10	·	a buil	or expanded premises" means commercial or industrial ding or part of a building that has not been previously ty or its affiliates locate to conduct business.
11 12	(vi)	1.	"New permanent full-time position" means a position that
13		A.	a full-time position of indefinite duration;
14		В.	located in Washington County;
15 16	expansion of a business f	C. acility	newly created, as a result of the establishment or in the county; and
17		D.	filled.
18 19	position that is:	2.	"New permanent full-time position" does not include a
20 21 22 23	9	ess fac	created when an employment function is shifted from an e business entity or its affiliates located in Washington ility of the same entity or its affiliates, if the position does he county;
$\frac{24}{25}$	business;	В.	created through a change in ownership of a trade or
26 27 28	of a business entity or its county;	C. s affilia	created through a consolidation, merger, or restructuring ates, if the position does not represent a net new job in the
29 30 31 32	_		created when an employment function is contractually ess entity or its affiliates located in the county to another f the position does not represent a net new job in the county;
33		E.	filled for a period of less than 12 months.

1 (2) The governing body of Washington County may grant, by law, a 2 property tax credit against the county property tax imposed on real property owned or 3 leased by a business entity that meets the requirements specified for the **PROPERTY** tax 4 credit under this subsection.

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- (3) To qualify for a property tax credit under this subsection, before a business entity [obtains the new or expanded premises or hires employees to fill the new permanent full—time positions at the new or expanded premises] MEETS THE REQUIREMENTS SPECIFIED FOR THE PROPERTY TAX CREDIT UNDER PARAGRAPH (4) OF THIS SUBSECTION, the business entity shall provide written notification to the governing body of Washington County stating:
- 11 (i) that the business entity intends to claim the property tax credit; 12 and
- 13 (ii) when the business entity expects to [obtain the new or expanded 14 premises and hire the required number of employees in the new permanent full—time 15 positions] MEET THE REQUIREMENTS SPECIFIED FOR THE PROPERTY TAX CREDIT 16 UNDER PARAGRAPH (4) OF THIS SUBSECTION.
- 17 (4) (i) To qualify for a property tax credit under this subsection, an 18 existing business entity in the county shall:
- 19 1. **A.** obtain at least an additional 1,500 square feet of new or expanded premises by purchasing newly constructed premises, constructing new premises, causing new premises to be constructed, or leasing previously unoccupied premises; and
- [2.] **B.** employ at least one individual in a new permanent full—time position during a 12—month period, during which period the business entity also must obtain and occupy the new or expanded premises; **OR**
- 2. A. INVEST AT LEAST \$10,000,000 IN CAPITAL IMPROVEMENTS IN THE COUNTY BY PURCHASING NEWLY CONSTRUCTED PREMISES, CONSTRUCTING NEW PREMISES, CAUSING NEW PREMISES TO BE CONSTRUCTED, OR LEASING PREVIOUSLY UNOCCUPIED PREMISES; AND
- B. AS A RESULT OF THE CAPITAL IMPROVEMENTS
 SPECIFIED IN ITEM A OF THIS ITEM, CREATE 100 NEW PERMANENT FULL-TIME
 POSITIONS.
- 33 (ii) To qualify for the property tax credit under this subsection, a new 34 business entity locating in the county shall:

1 2 3	premises by purchasing newly of	obtain at least 2,500 square feet of new or expanded constructed premises, constructing new premises, causing or leasing previously unoccupied premises; and		
4 5 6		employ at least five individuals in new permanent month period, during which period the business entity also or expanded premises.		
7 8 9 10	requirements of paragraph [(4 granted under this subsection	existing business entity in the county meets the $O(i)$ (4)(I)1 of this subsection, the property tax credit shall equal a percentage of the amount of property tax e new or expanded premises, as follows:		
11	1.	52% in the first and second taxable years;		
12	2.	39% in the third and fourth taxable years; and		
13	3.	26% in the fifth and sixth taxable years.		
14 15 16	15 THE REQUIREMENTS OF PARAGRAPH (4)(I)2 OF THIS SUBSECTION, THE PROPERTY 16 TAX CREDIT GRANTED UNDER THIS SUBSECTION SHALL EQUAL A PERCENTAGE OF 17 THE AMOUNT OF COUNTY PROPERTY TAX IMPOSED ON THE ASSESSMENT OF THE			
17 18				
18	NEW OR EXPANDED PREMISES	s, AS FOLLOWS:		
18 19	NEW OR EXPANDED PREMISES 1.	5, AS FOLLOWS: 100% FOR EACH OF THE FIRST 5 TAXABLE YEARS;		
18 19 20	NEW OR EXPANDED PREMISES 1. 2. 3.	75% IN TAXABLE YEARS 6 THROUGH 10;		
1819202122	NEW OR EXPANDED PREMISES 1. 2. 3. 4. THEREAFTER. [(ii)] (III) requirements of paragraph (4)(iii)	100% FOR EACH OF THE FIRST 5 TAXABLE YEARS; 75% IN TAXABLE YEARS 6 THROUGH 10; 50% IN TAXABLE YEARS 11 THROUGH 15; AND 0% IN TAXABLE YEAR 16 AND EACH TAXABLE YEAR If a new business entity locating in the county meets the of this subsection, the property tax credit granted under excentage of the amount of property tax imposed on the		
18 19 20 21 22 23 24 25 26	1. 2. 3. 4. THEREAFTER. [(ii)] (III) requirements of paragraph (4)(ii) this subsection shall equal a possible statements of paragraph (4)(ii)	100% FOR EACH OF THE FIRST 5 TAXABLE YEARS; 75% IN TAXABLE YEARS 6 THROUGH 10; 50% IN TAXABLE YEARS 11 THROUGH 15; AND 0% IN TAXABLE YEAR 16 AND EACH TAXABLE YEAR If a new business entity locating in the county meets the of this subsection, the property tax credit granted under excentage of the amount of property tax imposed on the		
18 19 20 21 22 23 24 25 26 27	1. 2. 3. 4. THEREAFTER. [(ii)] (III) requirements of paragraph (4)(ii) this subsection shall equal a parassessment of the new or expand	100% FOR EACH OF THE FIRST 5 TAXABLE YEARS; 75% IN TAXABLE YEARS 6 THROUGH 10; 50% IN TAXABLE YEARS 11 THROUGH 15; AND 0% IN TAXABLE YEAR 16 AND EACH TAXABLE YEAR If a new business entity locating in the county meets the of this subsection, the property tax credit granted under excentage of the amount of property tax imposed on the ded premises, as follows:		

1 (6)The lessor of real property granted a property tax credit under this 2 subsection shall reduce the amount of taxes for which a business entity is contractually 3 liable under the lease agreement by the amount of any credit granted under this subsection 4 for improvements made by the business entity. 5 The governing body of Washington County shall provide, by law, for: (7)6 (i) the specific requirements for eligibility for a property tax credit 7 authorized under this subsection; 8 any additional limitations on eligibility for the credit; and (ii) 9 (iii) any other provision appropriate to implement the credit. 10 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect June

1, 2015, and shall be applicable to all taxable years beginning after June 30, 2015.

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