
By: Delegates Hixson, Goldwater, Kopp, and Genn

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Assigned to: Ways and Means

A BILL ENTITLED

1 AN ACT concerning

2 **Property Tax Credit - Businesses That Create New Jobs**

3 FOR the purpose of authorizing the Mayor and City Council of Baltimore City or the
4 governing body of a county or municipal corporation to grant, by law, a property tax
5 credit against the county or municipal corporation property tax imposed on certain
6 real property and personal property; providing for the eligibility criteria for the
7 property tax credit including requirements for the construction, expansion, or lease
8 of a certain minimum number of square feet on which the business entity conducts
9 its business and the creation of a certain minimum number of new permanent
10 full-time positions; prohibiting the property tax credit to be granted under certain
11 circumstances; providing for the computation of the property tax credit; requiring
12 certain lessors to reduce a certain liability of certain lessees; authorizing the
13 governing body of the county or municipal corporation to provide, bylaw, for
14 certain other provisions to implement the property tax credit; requiring the State to
15 reimburse a county or municipal corporation for certain amounts in a certain
16 manner; defining certain terms; and generally relating to a property tax credit for
17 certain property owned or leased by businesses that create new jobs.

18 BY adding to

19 Article - Tax - Property
20 Section 9-227
21 Annotated Code of Maryland
22 (1994 Replacement Volume and 1995 Supplement)

23 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF
24 MARYLAND, That the Laws of Maryland read as follows:

25 **Article - Tax - Property**

26 9-227.

27 (A) (1) IN THIS SECTION THE FOLLOWING WORDS HAVE THE MEANINGS
28 INDICATED.

29 (2) "BUSINESS ENTITY" MEANS A PERSON CONDUCTING A TRADE OR
30 BUSINESS IN THE STATE.

31 (3) (I) "NEW PERMANENT FULL-TIME POSITION" MEANS:

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1 1. A JOB OF AN INDEFINITE DURATION THAT:

2 A. IS CREATED BY THE COMPANY AS A RESULT OF THE
3 ESTABLISHMENT OR EXPANSION OF A BUSINESS FACILITY IN THE STATE; AND

4 B. REQUIRES A MINIMUM OF 35 HOURS OF AN EMPLOYEE'S
5 TIME PER WEEK FOR AT LEAST 48 WEEKS OF A YEAR; OR

6 2. A POSITION OF INDEFINITE DURATION THAT REQUIRES A
7 MINIMUM OF 35 HOURS OF AN EMPLOYEE'S TIME PER WEEK FOR THE PORTION OF
8 THE TAXABLE YEAR IN WHICH THE EMPLOYEE WAS INITIALLY HIRED FOR, OR
9 TRANSFERRED TO, THE BUSINESS FACILITY IN THE STATE.

10 (II) "NEW PERMANENT FULL-TIME POSITION" DOES NOT INCLUDE:

11 1. A SEASONAL OR TEMPORARY POSITION; OR

12 2. A JOB CREATED WHEN A JOB FUNCTION IS SHIFTED FROM
13 AN EXISTING LOCATION IN THE STATE TO THE NEW OR EXPANDED BUSINESS
14 FACILITY.

15 (B) THE MAYOR AND CITY COUNCIL OF BALTIMORE CITY OR THE
16 GOVERNING BODY OF A COUNTY OR OF A MUNICIPAL CORPORATION MAY GRANT,
17 BY LAW, A PROPERTY TAX CREDIT AGAINST THE COUNTY OR MUNICIPAL
18 CORPORATION PROPERTY TAX IMPOSED ON REAL PROPERTY OWNED OR LEASED
19 BY A BUSINESS ENTITY THAT MEETS THE REQUIREMENTS SPECIFIED UNDER
20 SUBSECTION (C) OF THIS SECTION AND ON PERSONAL PROPERTY OWNED BY THAT
21 BUSINESS ENTITY THAT MEETS THE REQUIREMENTS SPECIFIED UNDER SUBSECTION
22 (D) OF THIS SECTION.

23 (C) (1) TO QUALIFY FOR A PROPERTY TAX CREDIT UNDER THIS SECTION
24 AGAINST PROPERTY TAX IMPOSED ON REAL PROPERTY, A BUSINESS ENTITY SHALL:

25 (I) CONSTRUCT OR EXPAND BY AT LEAST 10,000 SQUARE FEET THE
26 PREMISES ON WHICH IT CONDUCTS ITS BUSINESS, THROUGH PURCHASING OR
27 CONSTRUCTING NEW PREMISES OR BY LEASING NEW PREMISES; AND

28 (II) EMPLOY AT LEAST 30 INDIVIDUALS IN NEW PERMANENT
29 FULL-TIME POSITIONS IN THE NEW OR EXPANDED PREMISES.

30 (2) A PROPERTY TAX CREDIT MAY NOT BE GRANTED UNDER THIS
31 SECTION IF:

32 (I) THE BUSINESS ENTITY HAS MOVED ITS OPERATIONS FROM
33 ONE POLITICAL SUBDIVISION IN THE STATE TO ANOTHER; OR

34 (II) THE PROPERTY HAS OTHERWISE BEEN GRANTED A TAX
35 CREDIT OR EXEMPTION UNDER THIS ARTICLE FOR THE TAXABLE YEAR.

36 (D) TO QUALIFY FOR A PROPERTY TAX CREDIT UNDER THIS SECTION
37 AGAINST PROPERTY TAX IMPOSED ON PERSONAL PROPERTY A BUSINESS ENTITY
38 SHALL CERTIFY THAT THE PERSONAL PROPERTY IS LOCATED ON THE PREMISES
39 THAT QUALIFY FOR A TAX CREDIT UNDER SUBSECTION (C) OF THIS SECTION.

1 (E) (1) THE GOVERNING BODY OF THE COUNTY OR MUNICIPAL
2 CORPORATION SHALL COMPUTE THE AMOUNT OF THE TAX CREDIT UNDER THIS
3 SECTION FOR NEWLY CONSTRUCTED OR EXPANDED PREMISES AND THE PERSONAL
4 PROPERTY LOCATED ON THOSE PREMISES TO EQUAL A PERCENTAGE OF THE
5 AMOUNT OF PROPERTY TAX IMPOSED ON THE ELIGIBLE ASSESSMENT OF THE
6 QUALIFIED PROPERTY, AS FOLLOWS:

7 (I) 100% FOR THE 1ST AND 2ND TAXABLE YEARS;

8 (II) 70% IN THE 3RD AND 4TH TAXABLE YEARS;

9 (III) 40% IN THE 5TH AND 6TH TAXABLE YEARS; AND

10 (IV) 0% FOR EACH TAXABLE YEAR THEREAFTER.

11 (2) THE GOVERNING BODY OF THE COUNTY OR MUNICIPAL
12 CORPORATION SHALL COMPUTE THE AMOUNT OF THE TAX CREDIT UNDER THIS
13 SECTION FOR LEASED PREMISES AND THE PERSONAL PROPERTY LOCATED ON
14 THOSE PREMISES TO EQUAL A PERCENTAGE OF THE AMOUNT OF PROPERTY TAX
15 IMPOSED ON THE ELIGIBLE ASSESSMENT OF THE QUALIFIED PROPERTY, AS
16 FOLLOWS:

17 (I) 60% FOR THE 1ST AND 2ND TAXABLE YEARS;

18 (II) 40% IN THE 3RD AND 4TH TAXABLE YEARS;

19 (III) 20% IN THE 5TH AND 6TH TAXABLE YEARS; AND

20 (IV) 0% FOR EACH TAXABLE YEAR THEREAFTER.

21 (3) THE LESSOR OF REAL PROPERTY ELIGIBLE FOR A TAX CREDIT
22 UNDER PARAGRAPH (2) OF THIS SUBSECTION SHALL REDUCE BY THE AMOUNT OF
23 THE TAX CREDIT THE AMOUNT OF TAXES FOR WHICH THE ELIGIBLE BUSINESS
24 ENTITY IS CONTRACTUALLY LIABLE UNDER THE LEASE AGREEMENT.

25 (F) THE GOVERNING BODY OF THE COUNTY OR MUNICIPAL CORPORATION
26 MAY PROVIDE, BY LAW, FOR:

27 (1) THE SPECIFIC REQUIREMENTS FOR ELIGIBILITY FOR A TAX CREDIT
28 AUTHORIZED UNDER THIS SECTION;

29 (2) ADDITIONAL LIMITATIONS ON ELIGIBILITY FOR THE CREDIT;

30 (3) REPAYMENT OF THE PROPERTY TAX CREDIT IF THE BUSINESS
31 ENTITY MOVES ITS BUSINESS OUTSIDE THE JURISDICTION OR OTHERWISE BECOME
32 INELIGIBLE FOR THE TAX CREDIT; AND

33 (4) ANY OTHER PROVISION APPROPRIATE TO IMPLEMENT THE CREDIT.

34 (G) AS PROVIDED IN THE STATE BUDGET, THE STATE SHALL REMIT TO EACH
35 COUNTY OR MUNICIPAL CORPORATION AN AMOUNT EQUAL TO ONE-HALF OF THE
36 FUNDS THAT WOULD HAVE BEEN COLLECTED IF THE PROPERTY TAX CREDIT
37 UNDER THIS SECTION HAD NOT BEEN GRANTED.

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1 (H) (1) QUARTERLY OR MORE FREQUENTLY, THE COUNTY OR MUNICIPAL
2 CORPORATION SHALL SUBMIT A REQUEST TO THE DEPARTMENT OF ASSESSMENTS
3 AND TAXATION FOR THE AMOUNT REQUIRED BY SUBSECTION (G) OF THIS SECTION.

4 (2) WITHIN 5 WORKING DAYS AFTER THE DEPARTMENT OF
5 ASSESSMENTS AND TAXATION RECEIVES THE REQUEST FROM THE COUNTY OR
6 MUNICIPAL CORPORATION, THE DEPARTMENT SHALL CERTIFY TO THE
7 COMPTROLLER THE REIMBURSEMENT DUE TO EACH COUNTY OR MUNICIPAL
8 CORPORATION.

9 (3) WITHIN 5 WORKING DAYS AFTER THE COMPTROLLER RECEIVES
10 THE CERTIFICATION FROM THE DEPARTMENT, THE COMPTROLLER SHALL
11 REIMBURSE EACH COUNTY OR MUNICIPAL CORPORATION.

12 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
13 July 1, 1996.