
By: Delegates Hixson, Goldwater, Kopp, and Genn

Introduced and read first time: January 31, 1996

Assigned to: Ways and Means

Committee Report: Favorable

House action: Adopted

Read second time: March 19, 1996

CHAPTER ____

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:

2

1 **Article - Tax - Property**

2 9-227.

3 (A) (1) IN THIS SECTION THE FOLLOWING WORDS HAVE THE MEANINGS
4 INDICATED.

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

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

8 1. A JOB OF AN INDEFINITE DURATION THAT:

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

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

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

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

18 1. A SEASONAL OR TEMPORARY POSITION; OR

19 2. A JOB CREATED WHEN A JOB FUNCTION IS SHIFTED FROM
20 AN EXISTING LOCATION IN THE STATE TO THE NEW OR EXPANDED BUSINESS
21 FACILITY.

22 (B) THE MAYOR AND CITY COUNCIL OF BALTIMORE CITY OR THE
23 GOVERNING BODY OF A COUNTY OR OF A MUNICIPAL CORPORATION MAY GRANT,
24 BY LAW, A PROPERTY TAX CREDIT AGAINST THE COUNTY OR MUNICIPAL
25 CORPORATION PROPERTY TAX IMPOSED ON REAL PROPERTY OWNED OR LEASED
26 BY A BUSINESS ENTITY THAT MEETS THE REQUIREMENTS SPECIFIED UNDER
27 SUBSECTION (C) OF THIS SECTION AND ON PERSONAL PROPERTY OWNED BY THAT
28 BUSINESS ENTITY THAT MEETS THE REQUIREMENTS SPECIFIED UNDER SUBSECTION
29 (D) OF THIS SECTION.

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

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

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

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

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

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

5 (D) TO QUALIFY FOR A PROPERTY TAX CREDIT UNDER THIS SECTION
6 AGAINST PROPERTY TAX IMPOSED ON PERSONAL PROPERTY A BUSINESS ENTITY
7 SHALL CERTIFY THAT THE PERSONAL PROPERTY IS LOCATED ON THE PREMISES
8 THAT QUALIFY FOR A TAX CREDIT UNDER SUBSECTION (C) OF THIS SECTION.

9 (E) (1) THE GOVERNING BODY OF THE COUNTY OR MUNICIPAL
10 CORPORATION SHALL COMPUTE THE AMOUNT OF THE TAX CREDIT UNDER THIS
11 SECTION FOR NEWLY CONSTRUCTED OR EXPANDED PREMISES AND THE PERSONAL
12 PROPERTY LOCATED ON THOSE PREMISES TO EQUAL A PERCENTAGE OF THE
13 AMOUNT OF PROPERTY TAX IMPOSED ON THE ELIGIBLE ASSESSMENT OF THE
14 QUALIFIED PROPERTY, AS FOLLOWS:

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

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

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

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

19 (2) THE GOVERNING BODY OF THE COUNTY OR MUNICIPAL
20 CORPORATION SHALL COMPUTE THE AMOUNT OF THE TAX CREDIT UNDER THIS
21 SECTION FOR LEASED PREMISES AND THE PERSONAL PROPERTY LOCATED ON
22 THOSE PREMISES TO EQUAL A PERCENTAGE OF THE AMOUNT OF PROPERTY TAX
23 IMPOSED ON THE ELIGIBLE ASSESSMENT OF THE QUALIFIED PROPERTY, AS
24 FOLLOWS:

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

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

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

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

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

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

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

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

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

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

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

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

12 (2) WITHIN 5 WORKING DAYS AFTER THE DEPARTMENT OF
13 ASSESSMENTS AND TAXATION RECEIVES THE REQUEST FROM THE COUNTY OR
14 MUNICIPAL CORPORATION, THE DEPARTMENT SHALL CERTIFY TO THE
15 COMPTROLLER THE REIMBURSEMENT DUE TO EACH COUNTY OR MUNICIPAL
16 CORPORATION.

17 (3) WITHIN 5 WORKING DAYS AFTER THE COMPTROLLER RECEIVES
18 THE CERTIFICATION FROM THE DEPARTMENT, THE COMPTROLLER SHALL
19 REIMBURSE EACH COUNTY OR MUNICIPAL CORPORATION.

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