
By: Delegates Hixson, Goldwater, and Kopp

Requested: September 12, 1996

Introduced and read first time: January 8, 1997

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, by law, 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 9-229
21 Annotated Code of Maryland
22 (1994 Replacement Volume and 1996 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 9-229.

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, THAT IS SUBJECT TO THE STATE INDIVIDUAL OR
31 CORPORATE INCOME TAX.

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

2 1. A JOB OF AN INDEFINITE DURATION THAT:

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

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

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

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

12 1. A SEASONAL OR TEMPORARY POSITION; OR

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

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

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

26 (I) CONSTRUCT OR EXPAND BY AT LEAST 5,000 SQUARE FEET THE
27 PREMISES ON WHICH IT CONDUCTS ITS BUSINESS, THROUGH PURCHASING OR
28 CONSTRUCTING NEW PREMISES OR BY LEASING NEW PREMISES; AND

29 (II) EMPLOY AT LEAST 15 INDIVIDUALS IN NEW PERMANENT
30 FULL-TIME POSITIONS IN THE NEW OR EXPANDED PREMISES.

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

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

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

37 (III) THE BUSINESS ENTITY HAS BEEN CERTIFIED FOR A TAX
38 CREDIT UNDER ARTICLE 83A, § 5-1101 OF THE CODE.

1 (D) TO QUALIFY FOR A PROPERTY TAX CREDIT UNDER THIS SECTION
2 AGAINST PROPERTY TAX IMPOSED ON PERSONAL PROPERTY A BUSINESS ENTITY
3 SHALL CERTIFY THAT THE PERSONAL PROPERTY IS LOCATED ON THE PREMISES
4 THAT QUALIFY FOR A TAX CREDIT UNDER SUBSECTION (C) OF THIS SECTION.

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

11 (I) 80% FOR THE 1ST AND 2ND TAXABLE YEARS;

12 (II) 60% IN THE 3RD AND 4TH TAXABLE YEARS;

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

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

15 (2) THE LESSOR OF REAL PROPERTY ELIGIBLE FOR A TAX CREDIT
16 UNDER PARAGRAPH (1) OF THIS SUBSECTION SHALL REDUCE BY THE AMOUNT OF
17 THE TAX CREDIT THE AMOUNT OF TAXES FOR WHICH THE ELIGIBLE BUSINESS
18 ENTITY IS CONTRACTUALLY LIABLE UNDER THE LEASE AGREEMENT.

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

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

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

24 (3) REPAYMENT OF THE PROPERTY TAX CREDIT IF THE BUSINESS
25 ENTITY MOVES ITS BUSINESS OUTSIDE THE JURISDICTION OR OTHERWISE BECOMES
26 INELIGIBLE FOR THE TAX CREDIT; AND

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

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

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

35 (2) WITHIN 5 WORKING DAYS AFTER THE DEPARTMENT OF
36 ASSESSMENTS AND TAXATION RECEIVES THE REQUEST FROM THE COUNTY OR
37 MUNICIPAL CORPORATION, THE DEPARTMENT SHALL CERTIFY TO THE
38 COMPTROLLER THE REIMBURSEMENT DUE TO EACH COUNTY OR MUNICIPAL
39 CORPORATION.

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

4 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
5 July 1, 1997.