

Chapter 211

(Senate Bill 925)

AN ACT concerning

Washington County – Property Tax Credit – Economic Development Projects

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.

BY repealing and reenacting, with amendments,

Article – Tax – Property

Section 9–323(f)

Annotated Code of Maryland

(2012 Replacement Volume and 2014 Supplement)

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

Article – Tax – Property

9–323.

(f) (1) (i) In this subsection the following words have the meanings indicated.

(ii) “Affiliate” means a person:

1. that directly or indirectly owns at least 80% of a business entity; or

2. at least 80% of which is owned, directly or indirectly, by a business entity.

(iii) “Business entity” means a person conducting a trade or business in the State that is subject to the State individual or corporate income tax or insurance premiums tax.

(iv) “Full-time position” means a position requiring at least 840 hours of an individual’s time during at least 24 weeks in a 6-month period.

(v) “New or expanded premises” means commercial or industrial real property, including a building or part of a building that has not been previously occupied, where a business entity or its affiliates locate to conduct business.

(vi) 1. “New permanent full-time position” means a position that is:

A. a full-time position of indefinite duration;

B. located in Washington County;

C. newly created, as a result of the establishment or expansion of a business facility in the county; and

D. filled.

2. “New permanent full-time position” does not include a position that is:

A. created when an employment function is shifted from an existing business facility of the business entity or its affiliates located in Washington County to another business facility of the same entity or its affiliates, if the position does not represent a net new job in the county;

B. created through a change in ownership of a trade or business;

C. created through a consolidation, merger, or restructuring of a business entity or its affiliates, if the position does not represent a net new job in the county;

D. created when an employment function is contractually shifted from an existing business entity or its affiliates located in the county to another business entity or its affiliates, if the position does not represent a net new job in the county; or

E. filled for a period of less than 12 months.

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

(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:

(i) that the business entity intends to claim the property tax credit;
and

(ii) when the business entity expects to [obtain the new or expanded premises and hire the required number of employees in the new permanent full-time positions] **MEET THE REQUIREMENTS SPECIFIED FOR THE PROPERTY TAX CREDIT UNDER PARAGRAPH (4) OF THIS SUBSECTION.**

(4) **[(i)]** To qualify for a property tax credit under this subsection[,]:

(I) an existing business entity in the county shall:

1. 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. 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;

(ii) **[To qualify for the property tax credit under this subsection,]** a new business entity locating in the county shall:

1. obtain at least 2,500 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. employ at least five individuals in new permanent full-time positions during a 24-month period, during which period the business entity also must obtain and occupy the new or expanded premises[.]; **OR**

(III) A NEW BUSINESS ENTITY LOCATING IN THE COUNTY OR AN EXISTING BUSINESS ENTITY IN THE COUNTY SHALL:

1. 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

2. AS A RESULT OF THE CAPITAL IMPROVEMENTS SPECIFIED IN ITEM 1 OF THIS ITEM, CREATE 100 NEW PERMANENT FULL-TIME POSITIONS.

(5) (i) If an existing business entity in the county meets the requirements of paragraph (4)(i) of this subsection, the property tax credit granted under this subsection shall equal a percentage of the amount of property tax imposed on the assessment of the new or expanded premises, as follows:

1. 52% in the first and second taxable years;
2. 39% in the third and fourth taxable years; and
3. 26% in the fifth and sixth taxable years.

(ii) If a new business entity locating in the county meets the requirements of paragraph (4)(ii) of this subsection, the property tax credit granted under this subsection shall equal a percentage of the amount of property tax imposed on the assessment of the new or expanded premises, as follows:

1. 30% in the first and second taxable years;
2. 20% in the third and fourth taxable years; and
3. 10% in the fifth and sixth taxable years.

(III) IF A NEW OR EXISTING BUSINESS ENTITY IN THE COUNTY MEETS THE REQUIREMENTS OF PARAGRAPH (4)(III) OF THIS SUBSECTION, THE PROPERTY TAX CREDIT GRANTED UNDER THIS SUBSECTION SHALL EQUAL A PERCENTAGE OF THE AMOUNT OF COUNTY PROPERTY TAX IMPOSED ON THE ASSESSMENT OF THE NEW OR EXPANDED PREMISES, AS FOLLOWS:

1. **100% FOR EACH OF THE FIRST 5 TAXABLE YEARS;**
2. **75% IN TAXABLE YEARS 6 THROUGH 10;**
3. **50% IN TAXABLE YEARS 11 THROUGH 15; AND**
4. **0% IN TAXABLE YEAR 16 AND EACH TAXABLE YEAR**

THEREAFTER.

(6) The lessor of real property granted a property tax credit under this subsection shall reduce the amount of taxes for which a business entity is contractually

liable under the lease agreement by the amount of any credit granted under this subsection for improvements made by the business entity.

(7) The governing body of Washington County shall provide, by law, for:

(i) the specific requirements for eligibility for a property tax credit authorized under this subsection;

(ii) any additional limitations on eligibility for the credit; and

(iii) any other provision appropriate to implement the credit.

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.

Approved by the Governor, May 12, 2015.