

Department of Legislative Services
Maryland General Assembly
2015 Session

FISCAL AND POLICY NOTE

House Bill 134

(Charles County Delegation)

Ways and Means

Budget and Taxation

Charles County - Property Tax Credit - New or Expanding Businesses

This bill expands an optional Charles County property tax credit for new and expanding businesses to include property that is leased by a new or expanding business. Under current law, property must be owned by the new or expanding business to be eligible for the property tax credit.

The bill takes effect June 1, 2015, and applies to taxable years beginning after June 30, 2015.

Fiscal Summary

State Effect: None.

Local Effect: Charles County property tax revenues may decrease beginning in FY 2016 to the extent that the property tax credit is provided to businesses in the county. The amount of the property tax credit depends on the number of businesses claiming the tax credit and the amount of the tax credit provided.

Small Business Effect: Potential meaningful. Businesses that qualify for the property tax credit will pay less in property taxes.

Analysis

Current Law: To encourage the location and development of business operations and expansion of the employment base in Charles County, Charles County and a municipality in the county may grant, by law, a property tax credit against the county and municipal property tax imposed on any property owned by a new or expanding business that creates 10 or more full-time jobs in an industry targeted for expansion by the Charles County

Economic Development Commission. The tax credit may not be granted for more than 10 years.

Local Fiscal Effect: Charles County property tax revenues may decrease beginning in fiscal 2016 to the extent that the property tax credit is provided to businesses in the county. The amount of the property tax credit depends on the number of businesses claiming the tax credit and the amount of the tax credit provided.

Charles County advises that, to date, the county has not issued any property tax credits to businesses under current law. The county also advises that the amounts of future property tax credits will be determined during negotiations between the Charles County Economic Development Director, the Charles County Director of Fiscal and Administrative Services, and the individual businesses that are seeking the tax credit. The terms of the tax credit may vary on a case to case basis.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Charles County, State Department of Assessments and Taxation, Department of Legislative Services

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md/hlb

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