

**Department of Legislative Services**  
Maryland General Assembly  
2016 Session

**FISCAL AND POLICY NOTE**  
**Third Reader**

Senate Bill 1080

(Senator Edwards)

Budget and Taxation

Ways and Means

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**Garrett County - Property Tax Exemption - Garrett College Business Incubator**

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This bill authorizes Garrett County to provide a property tax exemption for real property that is (1) owned by the Garrett College Board of Trustees; (2) known as the Garrett Information Enterprise Center; and (3) used as a business incubator.

The bill takes effect June 1, 2016, and applies to taxable years beginning after June 30, 2016.

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**Fiscal Summary**

**State Effect:** None.

**Local Effect:** Garrett County property tax revenues may decrease by approximately \$4,200 annually beginning in FY 2017. County expenditures are not affected.

**Small Business Effect:** Minimal.

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**Analysis**

**Current Law:** Chapters 572 and 573 of 2007 authorized local governments to provide a local property tax credit for property that is used as a “business incubator” if the State, a county, a municipality, a specified tax exempt organization, a public institution of higher education, or an agency or instrumentality of the same (1) owns, controls, or leases the space that is used as a business incubator; (2) provides at least 50% of the funding received by the business incubator from all sources, not including rents received from incubator tenant firms; or (3) is represented on the governance board that authorizes the annual budget of the business incubator. A business incubator is defined as a program in which

units of space are leased by multiple early stage businesses that share physical common space, administrative services and equipment, business management training, mentoring, and technical support.

**Background:** The Garrett Information Enterprise Center is located on the campus of Garrett College in McHenry, Maryland. The enterprise center provides office space and related support services to start-up and early stage enterprises, including for-profit and nonprofit entities. The enterprise center also provides flexible and expandable space to larger entrepreneurial business enterprises, freelancers, telecommuters and visitors or those with second homes in the area. The enterprise center has a fully outfitted Secure Compartmentalized Information Facility, which is suitable for those businesses that need a secure space for defense or cybersecurity work.

**Local Fiscal Effect:** The State Department of Assessments and Taxation reports that there are currently 17 tenants of the Garrett Information Enterprise Center, of which six are currently taxable accounts. The remaining 11 accounts are exempt. The total fiscal 2016 assessed value of the real property is approximately \$1.6 million. The fiscal 2016 assessed value of the six taxable accounts is \$419,700. The Garrett County real property tax rate is \$0.99 per \$100 of assessment. As a result of the exemption provided by the bill, Garrett County property tax revenues may decrease by \$4,200 annually to the extent the exemption is granted.

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### **Additional Information**

**Prior Introductions:** None.

**Cross File:** HB 1543 (Delegate Beitzel) - Rules and Executive Nominations.

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

**Fiscal Note History:** First Reader - March 15, 2016  
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Analysis by: Michael Sanelli

Direct Inquiries to:  
(410) 946-5510  
(301) 970-5510