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5lr2594 CF HB 750

By: Washington County Senators Introduced and read first time: January 23, 2025 Assigned to: Budget and Taxation

A BILL ENTITLED

1 AN ACT concerning

2 Washington County – Property Tax Credit – Economic Development Projects

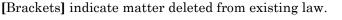
FOR the purpose of altering eligibility requirements for a certain property tax credit for
certain business entities that invest a certain amount in certain real property in
Washington County and create a certain number of new and permanent full-time
jobs in the county; altering the amount and duration of the property tax credit; and
generally relating to a property tax credit for business entities that invest in real
property and create jobs in Washington County.

- 9 BY repealing and reenacting, with amendments,
- 10 Article Tax Property
- 11 Section 9–323(f)
- 12 Annotated Code of Maryland
- 13 (2019 Replacement Volume and 2024 Supplement)

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

16 Article – Tax – Property 179-323.18 (1)(i) In this subsection the following words have the meanings (f) 19indicated. 20(ii) "Affiliate" means a person: 211. that directly or indirectly owns at least 80% of a business 22entity; or

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.





$\frac{1}{2}$		ast 80% of which is owned, directly or indirectly, by a	
$3 \\ 4 \\ 5$	(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.		
$6 \\ 7$		position" means a position requiring at least 840 at least 24 weeks in a 6–month period.	
8 9 10	[(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.]		
$\begin{array}{c} 11 \\ 12 \end{array}$		"New permanent full-time position" means a	
13	A. a ful	l–time position of indefinite duration;	
14	B. locat	ed in Washington County;	
$\begin{array}{c} 15\\ 16 \end{array}$			
17	7 D. filled	l.	
18 19		v permanent full–time position" does not include a	
20 21 22 23	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		
$\begin{array}{c} 24 \\ 25 \end{array}$		ed through a change in ownership of a trade or	
26 27 28	7 of a business entity or its affiliates, i	ed through a consolidation, merger, or restructuring f the position does not represent a net new job in the	
29 30 31 32	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		
33	E. filled	for a period of less than 12 months.	

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1 (VI) "NEW, RENOVATED, OR EXPANDED PREMISES" MEANS 2 COMMERCIAL OR INDUSTRIAL REAL PROPERTY, INCLUDING A BUILDING OR PART OF 3 A BUILDING THAT HAS NOT BEEN PREVIOUSLY OCCUPIED, WHERE A BUSINESS 4 ENTITY OR ITS AFFILIATES LOCATE TO CONDUCT BUSINESS.

5 (2) The governing body of Washington County may grant, by law, a 6 property tax credit against the county property tax imposed on real property owned or 7 leased by a business entity that meets the requirements specified for the property tax credit 8 under this subsection.

9 (3) To qualify for a property tax credit under this subsection, before a 10 business entity meets the requirements specified for the property tax credit under 11 paragraph (4) of this subsection, the business entity shall provide written notification to 12 the governing body of Washington County stating:

 $\frac{13}{14}$

and

that the business entity intends to claim the property tax credit;

15 (ii) when the business entity expects to meet the requirements 16 specified for the property tax credit under paragraph (4) of this subsection.

- 17
- (4) To qualify for a property tax credit under this subsection:

(i)

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

19 1. obtain at least an additional 1,500 square feet of new, 20 RENOVATED, or expanded premises by purchasing newly constructed premises, 21 constructing new premises, causing new premises to be constructed, RENOVATING 22 EXISTING PREMISES, or leasing previously unoccupied premises; and

23 2. employ at least [one individual] FIVE INDIVIDUALS in [a] 24 new permanent full-time [position] POSITIONS during a 12-month period, during which 25 period the business entity also must obtain and occupy the new, RENOVATED, or expanded 26 premises;

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(ii) a new business entity locating in the county shall:

obtain at least 2,500 square feet of new, RENOVATED, or
 expanded premises by purchasing newly constructed premises, constructing new premises,
 causing new premises to be constructed, RENOVATING EXISTING PREMISES, or leasing
 previously unoccupied premises; and

2. employ at least [five] **25** 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, **RENOVATED**, or expanded premises; or

1 (iii) a new business entity locating in the county or an existing 2 business entity in the county shall:

invest at least [\$10,000,000] \$20,000,000 in capital
 improvements in the county by purchasing newly constructed premises, constructing new
 premises, causing new premises to be constructed, RENOVATING EXISTING PREMISES, or
 leasing previously unoccupied premises; and

as a result of the capital improvements specified in item 1
of this item, create [100] 200 new permanent full-time positions.

9 (5) (i) If an existing business entity in the county meets the 10 requirements of paragraph (4)(i) of this subsection, the property tax credit granted under 11 this subsection shall equal a percentage of the amount of property tax imposed on the 12 assessment of the new, **RENOVATED**, or expanded premises, as follows:

131.[52%] 55% in the first [and second taxable years]14TAXABLE YEAR;

152.[39%] 40% in the [third and fourth taxable years]16SECOND TAXABLE YEAR; and

173.[26%] 25% in the [fifth and sixth taxable years] THIRD18TAXABLE YEAR.

19 (ii) If a new business entity locating in the county meets the 20 requirements of paragraph (4)(ii) of this subsection, the property tax credit granted under 21 this subsection shall equal a percentage of the amount of property tax imposed on the 22 assessment of the new, **RENOVATED**, or expanded premises, as follows:

- 231. [30%] **55%** in the first and second taxable years; [20%] **40%** in the third and fourth taxable years; and 242. [10%] **25%** in the fifth and sixth taxable years. 253. 26If a new or existing business entity in the county meets the (iii) 27requirements of paragraph (4)(iii) of this subsection, the property tax credit granted under 28this subsection shall equal a percentage of the amount of county property tax imposed on 29the assessment of the new, **RENOVATED**, or expanded premises, as follows:
- 301.[100%] 75% for each of the first 5 taxable years;

$\frac{1}{2}$	YEAR;	2.	[75%] 70% in THE SIXTH taxable [years 6 through 10]	
$\frac{3}{4}$	15] YEAR; [and]	3.	[50%] 65% in THE SEVENTH taxable [years 11 through	
5		4.	60% IN THE EIGHTH TAXABLE YEAR;	
6		5.	55% IN THE NINTH TAXABLE YEAR;	
7		6.	50% IN THE 10TH TAXABLE YEAR;	
8		7.	45% IN THE 11TH TAXABLE YEAR;	
9		8.	40% IN THE 12TH TAXABLE YEAR;	
10		9.	35% IN THE 13TH TAXABLE YEAR;	
11		10.	30% IN THE 14TH TAXABLE YEAR;	
12		11.	25% IN THE 15TH TAXABLE YEAR; AND	
13 14	thereafter.	[4.] 1	2. 0% in taxable year 16 and each taxable year	
15 16 17 18	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			
19	(7) The governing body of Washington County shall provide, by law, for:			
$\begin{array}{c} 20\\ 21 \end{array}$	(i) the specific requirements for eligibility for a property tax credit authorized under this subsection;			
22	(ii)	any a	additional limitations on eligibility for the credit; and	
23	(iii)	any c	ther provision appropriate to implement the credit.	
$\begin{array}{c} 24 \\ 25 \end{array}$				