Introduced 06.02.2025
Public Hearing 06.16.2025
Council Action 07.07.2025
Executive Action 07.08.2025
Effective Date 09.07.2025

County Council of Howard County, Maryland

2025 Legislative Session

Legislative Day No. 9

Bill No. 46 -2025

Introduced by: The Chairperson at the request of the County Executive

Short Title: Reestablishing – Route 1 Tax Credit

Title: AN ACT reestablishing a tax credit against the County tax imposed on certain commercial or industrial real property located adjacent to Route 1 that is renovated, upgraded, or rehabilitated, under certain conditions; establishing the amount, terms, conditions, and duration of the credit; providing for an application procedure and administration of the credit; establishing a sunset provision; and generally relating to property tax credits.

Introduced and read first time June 2, 2025. Ordered posted and hearing scheduled.

By order Michelle Harrod
Michelle Harrod, Administrator

Having been posted and notice of time & place of hearing & title of Bill having been published according to Charter, the Bill was read for a second time at a public hearing on June 16, 2025.

By order Michelle Harrod
Michelle Harrod, Administrator

This Bill was read the third time on July 7, 2025 and Passed ✓, Passed with amendments _____, Failed _____.

By order Michelle Harrod
Michelle Harrod, Administrator

Sealed with the County Seal and presented to the County Executive for approval this 8 day of July, 2025 at 5:00 a.m./p.m.

By order Michelle Harrod
Michelle Harrod, Administrator

Approved/Vetoed by the County Executive July 8, 2025

Calvin Ball, County Executive

NOTE: [[text in brackets]] indicates deletions from existing law; TEXT IN SMALL CAPITALS indicates additions to existing law; Strike-out indicates material deleted by amendment; Underlining indicates material added by amendment.

WHEREAS, Council Bill No. 9-2014 ("CB 9-2014") first established a tax credit against County property tax imposed on certain commercial or industrial real property, located adjacent to Route 1 and contained on the "20.129D Map" that is on file with the Department of Finance; and

WHEREAS, the tax credit authorized by CB 9-2014 was valid for a period of 48 months; and

WHEREAS, the tax credit was extended by the passage of Council Bill No. 33-2017 and Council Bill No. 52-2020, collectively through June of 2026; and

WHEREAS, because the credit is set to again expire, the County wishes to extend the tax credit with the following modifications:

1. Remove the requirement that the property be less than 15 acres;
2. Generally, remove the cap for most types of eligible work but apply a cap of $100,000 to new landscaping;
3. Provide that eligible properties can have certain residential components;
4. Clarify that eligible properties that are eligible because they are on the 20.129D map might not be visible from Route 1 but should be visible from some other public road; and
5. Extend the credit for another 5 years and sunset the credit as of the end of FY2031.

NOW, THEREFORE,

Section 1. Be It Enacted *by the County Council of Howard County, Maryland, that the Howard County Code is amended as follows:*

By amending:

Title 20. Taxes, charges and fees.

Subtitle 1. Real property tax; administration, credits, and enforcement.

Part III. State-Authorized Howard County tax credits.

Section 20.129D. Renovated, Upgraded, or Rehabilitated Property Adjacent to Route 1, as enacted by Council Bill No. 52-2020.

Title 20. Taxes, charges and fees.

Subtitle 1. Real property tax; administration, credits, and enforcement.

Part III. State-Authorized Howard County tax credits.

Section 20.129D. Renovated, Upgraded, or Rehabilitated Property Adjacent to Route 1.

(a) *Establishment of Tax Credit for Renovated, Upgraded, or Rehabilitated Property:*

(1) In accordance with § 9-315(d) of the Tax-Property Article of the Annotated Code of Maryland, there is a Howard County property tax credit against the County real property tax on [[commercial or industrial]]REAL property that qualifies under this section.

(2) The Department of Finance shall administer the credit.

(b) *Definitions.* In this section the following terms have the meanings indicated:

(1) *Certificate of eligibility* means an order issued by the County to the owner of an eligible property, which authorizes the Department of Finance to apply a credit to the eligible property.

(2) *Eligible property.*

(I) [[means]]MEANS commercial or industrial real property that [[is less than 15 acres, includes no residential component, and]]:

[[(i)]]A. Directly fronts Route 1;

[[(ii)]]B. Is readily visible from the nearest road edge on Route 1 and adjoins a parcel that fronts Route 1; or

[[(iii)]]C. Is a tax parcel contained within the perimeter on the "20.129D Map" on file with the Department of Finance.

(II) ELIGIBLE PROPERTY MAY HAVE A MIX OF COMMERCIAL AND INDUSTRIAL USES THAT INCLUDES A RESIDENTIAL COMPONENT, SUCH AS A RETAIL STORE WITH AN APARTMENT ABOVE IT.

(3) *Eligible work*:

(i) Means work done:

a. On an eligible property;

b. In compliance with the Route 1 Design Manual; and

c. THAT IS [[Is]] readily visible from the nearest road edge of Route 1 OR READILY VISIBLE FROM A PUBLIC ROAD IF LOCATED ON AN ELIGIBLE PROPERTY ON THE 20.129D MAP.

(ii) Includes:

a. The renovation, upgrade or rehabilitation of a property, which shall include the repair, replacement, expansion, or enhancement of the property; [[and]]

b. Work that is necessary to maintain the physical integrity of the property with regard to safety, durability, or weatherproofing[[.]]AND

C. IF THE ELIGIBLE PROPERTY INCLUDES A RESIDENTIAL COMPONENT, WORK SHALL SUPPORT THE ENHANCEMENT OF THE BUSINESS OR COMMERCIAL/INDUSTRIAL USE OR STRUCTURE.

(iii) Does not include:

a. Interior finish work that is not necessary to maintain the structural integrity of the building; or

b. Routine landscape or property maintenance.

(4) *Verified expenses* means the amount of money paid:

(i) By the owner of an eligible property to a licensed contractor, architect, or consultant for:

a. Eligible work; or

b. Materials used to do eligible work.

(ii) Verified expenses shall be incurred within 12 months prior to the application for a tax credit under this Section.

(iii) Verified expenses may not exceed 10% for architectural and engineering fees for the design of the improvements.

(c) *Eligibility.* The owner of [[commercial or industrial]]ELIGIBLE property may qualify for a tax credit under this section for eligible work done on eligible property.

(d) *Approval by agencies.* A request for a tax credit under this Section must be approved by the County Executive, upon the advice of the Economic Development Authority, the Department of Planning and Zoning, and the Department of Finance.

(e) *Amount of Credit.* SUBJECT TO SUBSECTION (L) OF THIS SECTION, the tax credit shall be granted in an amount of25% of the verified expenses EXCEPT THAT THE TAX CREDIT FOR NEW LANDSCAPING SHALL NOT TO EXCEED $100,000 PER APPLICATION [[but for no more than $100,000]].

(f) *Procedures:*

(1) The Economic Development Authority, Department of Planning and Zoning, and Department of Finance shall develop an application form.

(2) The County, through the Economic Development Authority, Department of Planning and Zoning, and Department of Finance shall give initial approval of a Certificate of Eligibility:

(i) If it determines the property to be an eligible property; and

(ii) If it determines that the proposed work is eligible work;

(3) The owner of an eligible property shall apply to the Department of Finance for a credit based on verified expenses.

(4) Upon completion of the work:

(i) The owner shall submit documentation to the Department of Finance:

a. No later than April 1 prior to the first tax year for which the credit is being requested;

b. That shows the work was done in accordance with the initial approval of the Certificate of Eligibility; and

c. That shall include all verified expenses;

(ii) The County, through the Economic Development Authority, Department of Planning and Zoning, and Department of Finance, shall:

a. Review the application, the initial approval, and the documentation; and

b. Give final approval of the certificate of eligibility based on a consideration of consistency with:

i. The Route 1 Manual; and

ii. Any subarea plans;

c. Determine:

i. What work is eligible work; and

ii. The dollar amount of qualified expenses for the work; and

(iii) The owner shall enter into an agreement in accordance with Subsection (j) of this Section.

(5) The dollar amount of qualified expenses and the amount of the tax credit shall be entered on the certificate of eligibility.

(g) *Year granted.* The Department of Finance shall grant the tax credit for the tax year immediately following the year in which the certificate of eligibility receives final approval.

(h) *Exceeding the amount of tax.* A tax credit granted under this Section shall be paid in more than one fiscal year if:

(1) The amount of the tax credit under this section exceeds the amount of the Howard County Real Property Tax, then, in this instance, any unused portion of the tax credit shall be carried forward for up to 5 tax years if:

(i) The property meets the eligibility requirement of this Section; and

(ii) The property owner applied for the credit on or before April 1,[[2025]]2030; or

(2) Required by the amount of the credit or limitations set forth in the annual Budget and Appropriation Ordinance.

(i) *Certificate Runs with Property.* A certificate of eligibility runs with the property and a change in ownership does not result in the lapse of a tax credit granted under this section.

(j) *Agreement to Implement Credit.* The recipient of a tax credit under this section shall enter into a contract with the County that may include, without limitation, conditions regarding maintenance of the property.

(k) *Annual Report:*

(1) The Economic Development Authority, Department of Planning and Zoning, and Department of Finance shall report annually to the County Executive and the County Council concerning the implementation of the tax credit under this section.

(2) The report under this subsection shall:

(i) Be submitted no later than September first of each year;

(ii) Include, for each recipient of a credit under this section during the previous fiscal year:

a. The name of the recipient; and

b. The amount of the credit granted;

(iii) Include an evaluation of the program and any recommended changes; and

(iv) Be presented in a public meeting with the Council.

(l) *Annual Limit.*

(1) During a fiscal year, the total of all tax credits budgeted for under this section shall not exceed $250,000.00.

(2) A complete application that, if granted, would cause the limit set forth in paragraph (1) of this subsection to be exceeded, shall be granted in the next fiscal year or years [[and in the order received]].

Section 2. And Be It Further Enacted *by the County Council of Howard County, Maryland that any tax credit granted prior to the effective date of this Act shall be subject to Section 20.129D as enacted by Council Bill No. 52-2020.*

Section 3. And Be It Further Enacted *by the County Council of Howard County, Maryland, that tax credits authorized by this Act shall remain effective through the end of*

Fiscal Year 2031, with no further action required by the County Council, this Act shall be abrogated and of no further force and effect.

Section 4. And Be It Further Enacted *by the County Council of Howard County, Maryland, that this Act shall become effective 61 days after its enactment.*

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Howard County

Internal Memorandum

Subject: Testimony on CB___-2025 – Reestablishing – Route 1 Tax Credit

To: Brandee Ganz, Chief Administrative Officer, Department of Administration

From: Lynda Eisenberg, AICP, Director, Department of Planning and Zoning (DPZ) DS LE

Jennifer Jones, CEO, Howard County Economic Development Authority (HCEDA) Initial JJ

Rafiu Ighile, Director, Department of Finance, Department of Administration Initial RI

Date: May 20, 2025

The Departments of Planning and Zoning (DPZ) and Finance, and the Economic Development Authority supports CB__-2025 which reauthorizes the "Renovated, Upgraded, or Rehabilitated Property Adjacent to Route 1 Tax Credit" (Route 1 Tax Credit), extends the credit for another five (5) years and establishes a sunset for the credit at the end of FY2031.

The Route 1 Tax Credit program encourages revitalization along the Route 1 corridor by offering a financial incentive, specifically a property tax credit, to owners to make exterior renovations or upgrades that improve the appearance of their properties. The program currently sunsets on June 30, 2026, and is available to owners of commercial and industrial properties of less than 15 acres with frontage onto Route 1 or in a targeted area of Elkridge. Properties must be in compliance with all County codes and current on their property taxes to receive up to $100,000 for exterior site or building improvements/enhancements. The tax credit runs with the property. The continuation of the program is supported by the County's recently adopted general plan as well as the Route 1 Corridor Plan (2023).

The Bill includes several provisions intended to enhance the attractiveness of the credit to property owners and align with the policies in the Route 1 Corridor Plan:

- Remove the size limit. Under the current authorization/legislation, eligible properties must be less than 15 acres. There are approximately nine (9) properties in the Corridor that are greater than 15 acres with significant Route 1 frontage. This could encourage greater participation and potentially have a greater visual impact on larger sites.

- Allow mixed-use properties to apply to the program; however, only approve tax credits for work that supports the commercial/retail/industrial component of a property/building.

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Based on the County's land use database, this would make approximately eight (8) additional properties eligible to apply for the tax credit.

- Remove tax credit cap of $100,000 per project and per property but keep landscaping enhancements capped at $100,000. This may allow for more visually transformative projects, especially on larger sites.

- Allow flexibility to prioritize impactful projects if demand increases. Legislation currently requires tax credits to be reviewed and approved in the order that applications are received. If demand increases, removal of this requirement from the legislation would allow DPZ, EDA and Finance to establish a process for identifying and prioritizing tax credits for the most impactful projects.

- Extend the credit for another five (5) years and sunset the credit as of the end of FY2031.

The Route 1 Tax Credit program has been operating for approximately 10 years and granted $1,313,023.71 in property tax credits. It has supported improvements to 19 commercial and industrial properties, thus enhancing the aesthetics in the corridor. With these legislative changes, the continuation of the program and interagency partnerships, this program will continue to enhance and revitalize the Corridor and Elkridge and support the Corridor's commercial and industrial property owners. Given the reasons stated above, DPZ, Finance and the EDA supports Council Bill__-2025 and respectfully requests the Council's favorable consideration.

Fiscal Impact

The fiscal impact of this bill will be $250,000 a year or $1.25 million over five (5) years, assuming that the cap is met each year. While the bill does not change the maximum liability for the county, changes included in this amendment could have an impact on the number of applications or size of projects approved each year.

cc: Jennifer Sager, Legislative Coordinator, Office of the County Executive
Brian Shepter, Deputy Chief of Staff, Office of the County Executive
Mary Kendall, Deputy Director, DPZ
Kristin O'Connor, Chief, DCCP, DPZ
Jeff DelMonico, Community Planner, DCCP, DPZ
Angela Moore, Deputy Director, Finance, Department of Administration
Shantel Frederick, HCEDA

BY THE COUNCIL

This Bill, having been approved by the Executive and returned to the Council, stands enacted on July 8, 2025.

Michelle R. Harrod, Administrator to the County Council

BY THE COUNCIL

This Bill, having been passed by the yeas and nays of two-thirds of the members of the Council notwithstanding the objections of the Executive, stands enacted on _____, 2025.

_____
Michelle R. Harrod, Administrator to the County Council

BY THE COUNCIL

This Bill, having received neither the approval nor the disapproval of the Executive within ten days of its presentation, stands enacted on _____, 2025.

_____
Michelle R. Harrod, Administrator to the County Council

BY THE COUNCIL

This Bill, not having been considered on final reading within the time required by Charter, stands failed for want of consideration on _____, 2025.

_____
Michelle R. Harrod, Administrator to the County Council

BY THE COUNCIL

This Bill, having been disapproved by the Executive and having failed on passage upon consideration by the Council stands failed on _____, 2025.

_____
Michelle R. Harrod, Administrator to the County Council

BY THE COUNCIL

This Bill, the withdrawal of which received a vote of two-thirds (2/3) of the members of the Council, is withdrawn from further consideration on _____, 2025.

_____
Michelle R. Harrod, Administrator to the County Council