

**PRINCE GEORGE'S COUNTY COUNCIL  
AGENDA ITEM SUMMARY**

**Meeting Date:** 7/28/98

**Reference No.:** CB-80-1998

**Proposer:** County Executive

**Draft No.:** 2

**Sponsors:** Bailey, Del Giudice, Scott, Gourdine

**Item Title:** An Act repealing obsolete provisions of the Code pertaining to tax credits for certain personal property used in research and development and establishing a certain tax exemption for such property increasing the maximum exemption from 50 percent to 75 percent

**Drafter:** Maurene Epps Webb,  
Office of Law

**Resource Personnel:** William Miller, County  
Executive's Office

**LEGISLATIVE HISTORY:**

**Date Presented:** 6/9/98

**Executive Action:** 8/17/98 S

**Committee Referral:** 6/9/98 PSFM

**Effective Date:** 10/2/98

**Committee Action:** 6/15/98 FAV(A)

**Date Introduced:** 6/23/98

**Pub. Hearing Date:** 7/28/98 10:45 P.M.

**Council Action:** 7/28/98 ENACTED

**Council Votes:** RVR:A, DB:A, SD:A, JE:A, IG:A, TH:A, WM:A, AS:A, MW:A

**Pass/Fail:** P

**Remarks:** \_\_\_\_\_

**PUBLIC SAFETY AND FISCAL MANAGEMENT COMMITTEE REPORT** Date: 6/15/98

Committee Vote: Favorable as amended, 3-0, (In favor: Council Members Wilson, Hendershot and Scott).

This bill will repeal provisions of the Code pertaining to tax credits; establish a tax exemption for personal property used in research and development and increase the maximum exemption from 50% to 75%. Since the County's residential property tax base has remained relatively stagnant for the past few years, this legislation will help expand the commercial property tax base and will ultimately bring to the County far more revenue than is provided in credits.

Insert on page 2, line 29 the following amendment:

"(d) Application for the tax exemption established herein shall be made in the manner prescribed by regulations adopted by the Department of Assessments and Taxation of the State of Maryland".

The State Assessor's office has indicated that all the companies currently receiving the research and development credit in the County will receive a 100% personal property tax reduction on the affected property due to a broadened definition of manufacturing under State law.

There are businesses that may be interested in locating in Prince George's County that would not be covered by the State law change. This previously used tax provision will have a minimal effect on the County's tax base, while providing a useful tool for economic development that could increase the tax base in the future.

The Office of Management and Budget (OMB) stated that increases in the research and development tax exemption would have no direct fiscal impact on the County.

#### **BACKGROUND INFORMATION/FISCAL IMPACT**

**(Includes reason for proposal, as well as any unique statutory requirements)**

This legislation increases the personal property tax exemption for property used in research and development from fifty percent to seventy-five percent.

#### **CODE INDEX TOPICS:**