

Prince George's County Council

Agenda Item Summary

Meeting Date: 10/26/2010
Reference No.: CB-064-2010
Draft No.: 2
Proposer(s): Knotts
Sponsor(s): Knotts, Dernoga
Item Title: An Act concerning the Business Incubator Real Property Tax Credit for the purpose of amending the tax credit for real property used for publicly supported business incubator programs.

Drafter: Colette R. Gresham, Legislative Officer
Resource Personnel: Betty Horton-Hodge, Legislative Aide

LEGISLATIVE HISTORY:

Date Presented:	7/13/2010	Executive Action:	11/15/2010 S
Committee Referral:	7/13/2010 - PSFM	Effective Date:	1/3/2011

Committee Action: 9/22/2010 - FAV(A)

Date Introduced: 9/28/2010
Public Hearing: 10/26/2010 - 10:00 AM

Council Action (1) 10/26/2010 - ENACTED
Council Votes: MB:A, WC:A, SHD:A, TD:A, CE:-, AH:A, TK:A, EO:A, IT:A
Pass/Fail: P
Remarks:

AFFECTED CODE SECTIONS:

10-235.07

COMMITTEE REPORTS:

Public Safety and Fiscal Management

Date 9/22/2010

COMMITTEE VOTE: FAVORABLE AS AMENDED 4-0 (In favor Council Members Exum, Harrison, Dean, and Turner)

This bill will amend the provisions of the Real Property Tax Credit for Business Incubator Programs by extending the tax credit to ten (10) consecutive years instead of the currently authorized five (5) consecutive years.

The phrase "increased assessment attributable" is deleted on page 2, line 24 thereby making an eligible property's entire County real property tax subject to calculating the total value of the annual tax credit.

According to the Office of Finance only one application was received in April 2009 with no business incubator tax credits approved to date.

The Office of Law has reviewed this bill and finds it to be in proper legislative form with no legal impediments to its enactment.

The Office of Audits and Investigations stated that the overall net effect of the proposed amendment in CB-64-2010 will increase the value of the business incubator real property tax credit on a case by case basis and reduce the County's real property tax revenue accordingly. However, the \$250,000 maximum annual cap for business incubator real property tax credits remains unchanged, thereby retaining the overall maximum potential adverse fiscal impact on County real property tax revenues.

The Committee expressed a desire to retain the 5 year tax credit instead of the proposed 10 years tax credit. The bill contains the following amendments:

1. On page 2 lines 25 – 30 delete all ten year percentages and change back to five year percentages in the current law.
2. On page 3 line 3 after “tax” insert “credit”, and on line 4 delete brackets and ten (10).

The negative fiscal impact of the real property tax credit would be offset, in whole or in part, by additional County tax revenues and fees derived from the stabilization and growth of successful County based businesses that are established as a result of the Business Incubator Program.

BACKGROUND INFORMATION/FISCAL IMPACT:

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

Chapter 573 of the Laws of Maryland (2007) authorized the governing body of a County to establish a real property tax credit for properties that house publicly supported business incubator programs under certain conditions. The Council enacted CB-52-2008 in order to establish the business incubator real property tax credit. This legislation will amend provisions of the tax credit as it pertains to the percentage reduction of the tax credit over a ten (10) year period.

CODE INDEX TOPICS:

INCLUSION FILES:
