

COUNTY COUNCIL OF PRINCE GEORGE'S COUNTY, MARYLAND
2008 Legislative Session

Bill No. CB-52-2008

Chapter No. 60

Proposed and Presented by Council Member Knotts

Introduced by Council Member Knotts and Turner

Co-Sponsors _____

Date of Introduction October 21, 2008

BILL

1 AN ACT concerning

2 Business Incubator Real Property Tax Credit

3 For the purpose of establishing a tax credit for real property used for publicly supported business
4 incubator programs.

5 BY adding:

6 SUBTITLE 10. Finance and Taxation.

7 Section 10-235.07,

8 The Prince George's County Code

9 (2003 Edition, 2006 Supplement).

10 SECTION 1. BE IT ENACTED by the County Council of Prince George's County,
11 Maryland, that Section 10-235.07 of the Prince George's County Code is hereby added:

12 **SUBTITLE 10. Finance and Taxation.**

13 **DIVISION 8. Tax Assessment, Levy and Collection.**

14 **Subdivision 5F. Business Incubator Real Property Tax Credit.**

15 **Sec. 10-235.07. Real Property Tax Credit for Business Incubator Programs.**

16 (a) In accordance with the provisions of Section 9-247 of the Tax-Property Article of the
17 Annotated Code of Maryland, there is a tax credit against the property tax imposed on real
18 property that is used as the premises for a publicly supported business incubator program. As
19 used in this Section, "business incubator" means a program in which units of space are leased by
20 multiple early-stage businesses that share physical common space, administrative services and
21 equipment, business management training, mentoring, and technical support.

1 (b) To qualify for a real property tax credit under this section, a “publicly supported”
 2 business incubator program shall mean a State, a County, a municipal corporation, an
 3 organization exempt for taxation under §501(c)(3) of the Internal Revenue Code, a public
 4 institution of higher education, or an agency or instrumentality of the State, a County, a
 5 municipal corporation, or a public institution of higher education that:

6 (1) owns, controls, or leases the space that is used as a business incubator; or

7 (2) provides at least 50% of the total funding received by the business incubator from
 8 all sources, not including rents received from incubator tenant firms; or

9 (3) is represented on the governance board that authorizes the annual budget of the
 10 business incubator.

11 (c) The tax credit under this section against the property tax imposed on real property is
 12 only available when it meets each of the following conditions:

13 (1) The portion of the property upon which the tax credit is based is leased, occupied
 14 and used exclusively by the business incubator program;

15 (2) The business incubator program is contractually liable to the owner for property
 16 taxes; and

17 (3) The owner of the property eligible for a tax credit pursuant to this section is
 18 contractually obligated to reduce, by the amount of the tax credit, the amount of taxes for which
 19 the business incubator program is otherwise contractually liable.

20 (d) For the first tax year in which the business incubator program applies, the tax credit
 21 shall be in an amount equal to one hundred percent (100%) of the amount of the County property
 22 tax imposed on the increased assessment attributable to the real property as determined by the
 23 Supervisor of Assessment. The tax credit shall be reduced to eighty percent (80%) in the second
 24 taxable year, sixty percent (60%) in the third taxable year, forty percent (40%) in the fourth,
 25 twenty percent (20%) in the fifth year and zero percent (0%) each taxable year thereafter. If the
 26 subject real property is leased to an eligible entity or business incubator program, the lessor shall
 27 reduce by the amount of the tax credit computed under this Section the taxes for which the
 28 eligible business entity or business incubator program is contractually liable under a lease
 29 agreement. A property tax granted hereunder may not be granted for more than five (5)
 30 consecutive years.

31 (e) A real property tax credit shall not be granted under this Section if the real property

1 have otherwise been granted a tax credit or exemption under the Tax-Property Article, Annotated
2 Code of Maryland or the County Code for the taxable year;

3 (f) Application for the tax credit established herein shall be made under oath on an
4 application provided by the Director of Finance. The application shall provide a legal
5 description of the property, proof of a properly issued use and occupancy permit applicable to the
6 eligible program, and such other information or documentation as the Director may require to
7 determine whether the applicant can qualify for the tax credit.

8 (g) During the fiscal year, the total of all tax credits granted under this section shall not
9 exceed \$250,000. Tax credits shall be granted in the order in which the Office of Finance
10 receives the complete application under subsection (f) of the section. If a complete application
11 granted would cause the limit set in this subsection to be exceeded, the tax credit shall be granted
12 in the next fiscal year or years and in the order received.

13 (h) The Director of Finance shall determine the eligibility of the taxpayer for the tax credit
14 and notify the State Department of Assessments and Taxation that a taxpayer has been approved
15 for the property tax credit and the assessed value of the premises.

16 (i) The Director of Finance shall verify that the taxpayer continues to satisfy the
17 applicable thresholds to qualify for the property tax credit by requiring submission of reports by
18 the taxpayer, as the Director deems necessary.

19 SECTION 2. BE IT FURTHER ENACTED that the provisions of this Act are hereby
20 declared to be severable; and, in the event that any section, subsection, paragraph, subparagraph,
21 sentence, clause, phrase, or word of this Act is declared invalid or unconstitutional by a court of
22 competent jurisdiction, such invalidity or unconstitutionality shall not affect the remaining
23 words, phrases, clauses, sentences, subparagraphs, paragraphs, subsections, or sections of this
24 Act, since the same would have been enacted without the incorporation in this Act of any such
25 invalid or unconstitutional word, phrase, clause, sentence, subparagraph, subsection, or section.

26 SECTION 3. BE IT FURTHER ENACTED that this Act shall take effect forty-five (45)
27 calendar days after it becomes law.

Adopted this 18th day of November , 2008.

COUNTY COUNCIL OF PRINCE
GEORGE'S COUNTY, MARYLAND

BY: _____
Samuel H. Dean
Chairman

ATTEST:

Redis C. Floyd
Clerk of the Council

APPROVED:

DATE: _____ BY: _____
Jack B. Johnson
County Executive

KEY:

- Underscoring indicates language added to existing law.
- [Brackets] indicate language deleted from existing law.
- Asterisks *** indicate intervening existing Code provisions that remain unchanged.