

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

Meeting Date: 7/28/98

Reference No.: CB-79-1998

Proposer: County Executive

Draft No.: 2

Sponsors: Del Giudice, Scott

Item Title: An Act establishing a property tax credit for certain new or expanding manufacturing, fabrication, assembling, or research and development facilities in Prince George's County

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 A.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 provide for a real property tax credit for high technology firms that occupy new office space and create new jobs. The credit will be reduced over a five year period, starting at 100% for the first year and gradually being adjusted by 20% for each following year. The tax credit is applied only to the increased assessment attributable to the construction or expansion of a building with a minimum of 5,000 square feet of gross floor area. The business entity must invest at least \$500,000

in the construction or expansion of the building and create at least ten (10) new permanent full-time positions.

The Office of Management and Budget (OMB) stated that this legislation will reduce some future property tax growth in exchange for growth in the County's economic base. Whenever a company of the type covered by this bill locates or expands in the County, Real Property Tax revenue from that firm will be decreased by a portion of the additional tax value. The following is an estimate based on a list of targeted companies provided by the Prince George's County Economic Development Corporation:

Effect on current revenue	\$ -0-
Estimated effect on FY2000	
Property Tax Revenue Growth	\$480,000

The potential deferral of revenue is, in effect, an investment in growth, in employment and in economic activity.

The Chamber of Commerce is in strong support of this legislation which will prove beneficial in making Prince George's County a more attractive and desirable area in which to locate, expand or maintain a business.

This bill was amended during the Committee worksession.

There may be some negative fiscal impact on the County as a result of enacting CB-79-1998 related to the property tax credit for business entities that may qualify for the credit. The amount of the impact cannot be estimated now, however, because the number of business entities cannot be predicted at this time.

BACKGROUND INFORMATION/FISCAL IMPACT
(Includes reason for proposal, as well as any unique statutory requirements)

This legislation allows for real property tax credits for high technology firms that occupy new office space and create new jobs. The tax credit will be gradually reduced over a five-year period.

CODE INDEX TOPICS: