

PRINCE GEORGE'S COUNTY COUNCIL

COMMITTEE REPORT

2020 Legislative Session

Reference No.:	CB-055-2020
Draft No.:	2
Committee:	COMMITTEE OF THE WHOLE
Date:	10/8/2020
Action:	FAV (A)

REPORT: Favorable as amended 11-0: Council Members Turner, Anderson-Walker, Davis, Dernoga, Franklin, Glaros, Harrison, Hawkins, Ivey, Streeter and Taveras

The Prince George's County Council convened as the Committee of the Whole on September 24, 2020 and on October 8, 2020 to consider CB-055-2020. As proposed, CB-055-2020 seeks to eliminate or reduce the percentage of assessment of a qualified data center and is subject to the Prince George's County personal property tax. The bill will allow the County to compete for data centers that could exceed \$1 billion in private investment and create new local jobs.

Taking into account the ripple effects of CB-055-2020, it is estimated that the bill will create 107 jobs, \$6.2 million in payments and benefits and \$32.7 million in economic output.

Angie Rodgers, Deputy Chief Administrative Officer, Economic Development, OCEX and David Iannucci, President and CEO, Economic Development Corporation, provided an extensive briefing on the economic benefits of data centers as we seek to diversify our tax base. It was pointed out that this will make Prince George's County a regional entity in the competition for such centers.

CB-055-2020 would create the following tax breaks for qualified data centers:

- Projects with \$200 million or more of investments and create at least fifteen (15) jobs may qualify for a 15-year personal property tax reduction in assessment as follows:
 - Years one through five – up to 100% reduction in assessment in personal property tax
 - Years six through ten – up to 50% reduction in assessment in personal property tax
 - Years eleven through fifteen – up to 25% reduction in assessment in personal property tax
- Projects with \$50 million or more of investments and create at least five (5) jobs may qualify for a 10-year personal property tax reduction in assessment as follows:
 - Years one through five – up to 90% reduction in assessment in personal property tax
 - Years six through ten – up to 40% reduction in assessment in personal property tax

Additionally, the proposed bill would require the County Executive or their designee to *notify* the County Council within sixty (60) days with the following data points on any agreement between the County and the developers or owners of a qualified data center:

- Name of recipient;
- Number of jobs expected to be created, directly or indirectly, as a result of the construction and operation of the center;
- Amount and duration of the exemption granted; and
- Terms of any commitment for local minority business enterprises and local business enterprises in the construction and operation of the center

The Office of Law reports CB-055-2020 to be in proper legislative form with no legal impediments to its enactment.

The Policy group reports that enactment of CB-055-2020 will have a negative impact on the County because of the loss of personal property tax revenues, however as much as the personal property tax revenues serves to bring businesses and grow the commercial tax base it will have a positive impact on the County.

A Proposed Draft 2 was discussed to make technical changes to citations in the bill and to add the words “governing body”.

After a very thorough discussion, which included employment opportunities for Prince George’s County residents, the Prince George’s County Council, sitting as the Committee of the Whole, voted CB-055-2020 out favorable as amended 11-0.