

# HOUSE BILL 1353

Q2

1lr3040

---

By: **Delegate Cox**

Introduced and read first time: February 18, 2021

Assigned to: Rules and Executive Nominations

---

## A BILL ENTITLED

1 AN ACT concerning

2 **Frederick County – Small Business Property Tax Credit – Municipal**  
3 **Corporations**

4 FOR the purpose of authorizing the governing body of a municipal corporation in Frederick  
5 County to grant, by law, a property tax credit against the municipal corporation  
6 property tax imposed on certain real property located in the municipal corporation  
7 that is owned or leased by certain business entities that meet certain requirements  
8 relating to capital investment or job creation; authorizing the governing body of a  
9 municipal corporation in the county to provide, by law, for certain matters relating  
10 to the tax credit; providing for the application of this Act; and generally relating to a  
11 municipal corporation property tax credit for small businesses in Frederick County.

12 BY repealing and reenacting, with amendments,  
13 Article – Tax – Property  
14 Section 9–312(i)  
15 Annotated Code of Maryland  
16 (2019 Replacement Volume and 2020 Supplement)

17 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND,  
18 That the Laws of Maryland read as follows:

19 **Article – Tax – Property**

20 9–312.

21 (i) (1) (i) In this subsection the following words have the meanings  
22 indicated.

23 (ii) “Affiliate” means a person:

24 1. that directly or indirectly owns at least 80% of a business

---

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 entity; or

2 2. at least 80% of which is owned, directly or indirectly, by a  
3 business entity.

4 (iii) “Business entity” means a person conducting a trade or business  
5 in the State that is subject to the State individual or corporate income tax or insurance  
6 premiums tax.

7 (iv) “Full-time position” means a position that:

8 1. requires at least 1,800 hours of an individual’s time in a  
9 calendar year; and

10 2. pays at least 150% of the federal minimum wage.

11 (v) “New or expanded premises” means commercial or industrial  
12 real property, including a building or part of a building that has not been previously  
13 occupied, where a business entity or its affiliates locate to conduct business.

14 (vi) 1. “New permanent full-time position” means a position that  
15 is:

16 A. a full-time position of indefinite duration;

17 B. located in Frederick County;

18 C. newly created, as a result of the establishment or  
19 expansion of a business facility in the county; and

20 D. filled.

21 2. “New permanent full-time position” does not include a  
22 position that is:

23 A. created when an employment function is shifted from an  
24 existing business facility of the business entity or its affiliates located in Frederick County  
25 to another business facility of the same business entity or its affiliates, if the position does  
26 not represent a net new job in the county **OR A MUNICIPAL CORPORATION IN THE**  
27 **COUNTY;**

28 B. created through a change in ownership of a trade or  
29 business;

30 C. created through a consolidation, merger, or restructuring  
31 of a business entity or its affiliates, if the position does not represent a net new job in the  
32 county;

1 D. created when an employment function is contractually  
2 shifted from an existing business entity or its affiliates located in the county to another  
3 business entity or its affiliates, if the position does not represent a net new job in the county;  
4 or

5 E. filled for a period of less than 12 months.

6 (2) The governing body of Frederick County **OR OF A MUNICIPAL**  
7 **CORPORATION IN FREDERICK COUNTY** may grant, by law, a property tax credit against  
8 the county **OR MUNICIPAL CORPORATION** property tax imposed on real property owned  
9 or leased by a business entity that meets the requirements specified for the tax credit under  
10 this subsection.

11 (3) To qualify for a property tax credit under this subsection, before a  
12 business entity obtains the new or expanded premises or hires employees to fill the new  
13 permanent full-time positions at the new or expanded premises, the business entity shall  
14 provide written notification to the governing body of Frederick County **OR THE MUNICIPAL**  
15 **CORPORATION** stating:

16 (i) that the business entity intends to claim the property tax credit;  
17 and

18 (ii) when the business entity expects to obtain the new or expanded  
19 premises and hire the required number of employees in the new permanent full-time  
20 positions.

21 (4) To qualify for a property tax credit under this subsection, a business  
22 entity shall:

23 (i) obtain at least 2,500 square feet of new or expanded premises by  
24 purchasing newly constructed premises, constructing new premises, causing new premises  
25 to be constructed, or leasing previously unoccupied premises; and

26 (ii) employ at least five individuals in new permanent full-time  
27 positions during a 24-month period, during which period the business entity also must  
28 obtain and occupy the new or expanded premises.

29 (5) (i) Subject to subparagraph (ii) of this paragraph, if a business  
30 entity qualifies for the property tax credit under this subsection, the property tax credit  
31 shall equal a percentage of the amount of property tax imposed on the assessment of the  
32 new or expanded premises, as follows:

33 1. 40% in the 1st and 2nd taxable years;

34 2. 30% in the 3rd and 4th taxable years;

HOUSE BILL 1353

1                                 3.     20% in the 5th and 6th taxable years; and

2                                 4.     0% for each taxable year thereafter.

3                                 (ii)    A property tax credit under this subsection may not be granted  
4 until the first taxable year in which the county property tax imposed on real property owned  
5 or leased by the business entity increases due to the business entity’s qualifying investment  
6 in the new or expanded premises.

7                                 (6)    The lessor of real property granted a property tax credit under this  
8 subsection shall reduce the amount of taxes for which a business entity is contractually  
9 liable under the lease agreement by the amount of any credit granted under this subsection  
10 for improvements made by the business entity.

11                                (7)    The governing body of Frederick County **OR OF A MUNICIPAL**  
12 **CORPORATION IN FREDERICK COUNTY** may provide, by law, for:

13                                (i)     any additional requirements for eligibility for a property tax  
14 credit authorized under this subsection;

15                                (ii)    any additional limitations on eligibility for the credit; and

16                                (iii)   any other provision appropriate to implement the credit.

17                                SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect June  
18 1, 2021, and shall be applicable to all taxable years beginning after June 30, 2021.