



Bill No. 23-16

Concerning: Commercial and Industrial Tax Credit

Introduced August 8, 2023

Revised: October 3, 2023 Draft No.

Enacted:

Effective:

Expires: November 6, 2023

Frederick County Code, Chapter 1-8

Section(s) 442, 444

COUNTY COUNCIL FOR FREDERICK COUNTY, MARYLAND

By: Council Member Mason Carter

AN ACT to: Amend the Commercial and Industrial Business Tax Credit to change the amount of the tax credit.

Date Council Approved: _____ Date Transmitted to Executive: _____

Executive: _____ Date Received: _____

Approved: _____ Date: _____

Vetoed: _____ Date: _____

Date returned to Council by County Executive with no action: _____

By amending:

Frederick County Code, 1-8 Section(s) 442, 444

Other: _____

Boldface

Underlining

[Single boldface brackets]

* * *

Heading or defined term.

Added to existing law.

Deleted from existing law.

Existing law unaffected by bill.

Bill No. 23-16

2 The County Council of Frederick County, Maryland, finds it necessary and appropriate to
3 amend the Frederick County Code to amend Article XIII: Commercial and Industrial Tax Credit
4 of the Frederick County Code.

5

6 NOW, THEREFORE, BE IT ENACTED BY THE COUNTY COUNCIL OF
7 FREDERICK COUNTY, MARYLAND, that the Frederick County Code be, and it is hereby,
8 amended as shown on the attached Exhibit 1.

9

10

11

12

13

14

Brad W. Young, President
County Council of Frederick County,
Maryland

§ 1-8-442 DEFINITIONS.

COMMERCIAL OR INDUSTRIAL BUSINESS. A person that conducts manufacturing, fabricating or assembling operations within Frederick County.

FACILITY. The property within Frederick County that is either developed or expanded for manufacturing, fabricating or assembling purposes and for which this tax credit is sought.

SUBSTANTIAL INVESTMENT.

- (1) The acquisition or expansion of a building, land or equipment for manufacturing, fabricating or assembling purposes within Frederick County that totals a new investment of at least \$1,500,000 [\$5,000,000] and
- (2) The creation of at least 3 [25] new permanent full time positions at the facility [paying at least 150% of the federal minimum wage] paying at least 150% of the state minimum wage and which positions may not have been transferred to the facility from another location in Frederick County.

TAX CREDIT AGREEMENT. An agreement entered into with the county by the commercial or industrial business responsible for the facility which sets forth reporting and other administrative requirements and conditions with which, in the County Executive's discretion, the commercial or industrial business and facility must comply to receive this tax credit.

* * *

§ 1-8-444 AMOUNT AND DURATION OF CREDIT.

- (A) A facility shall be eligible for this commercial and industrial business tax credit for a term not to exceed ten consecutive years after first qualifying for this property tax credit. The first tax year the tax credit shall become available for a qualifying facility shall be the first full tax year in which its county property taxes would increase due to the substantial investment in new construction or an improvement to an existing facility (the "first tax year"). The last tax year this property tax credit shall be available shall be the tenth tax year that follows the increase in county real property tax due to the substantial investment in the facility.
- (B) The County Executive shall establish the term [and amount] of each tax credit granted under this Article [the County Executive believes is in Frederick County's best interest, in an amount expressed as a percent of the additional Frederick County real property tax imposed as a result of an increase in assessment due to the new construction or expansion

Underlining indicates entirely new matter added to existing law.

[Single boldface brackets] indicates matter deleted from existing law.

*** - indicates existing law unaffected by bill

Indicates existing law unaffected by this
Double underlining boldface indicates matter added by Amendment

[[Double bracket]] boldface and strikethrough indicates matter deleted by Amendment.

[Double bracket]
Bill No. 23-16

1 of a qualifying facility (the "incremental tax"). In the event the average amount of the
2 credit over the term of the credit would exceed 60% of total incremental tax, the tax credit
3 must be reviewed and approved by the County Council before the tax credit is granted].
4 The amount of a tax credit granted under this section is a percentage of the incremental
5 tax, as specified in Table 1 of this paragraph. For purposes of this section, the
6 "incremental tax" means the property tax increase attributable to the increase in the
7 assessment of the facility. The increase in the assessment of the facility is the
8 assessment after the substantial investment was made to the facility, in accordance with
9 this section and attributable to that substantial investment, minus the assessment before
10 the substantial investment was made to the qualifying facility.

11 Table 1
12

<u>Tax Credit Percentage of Incremental Tax (%)</u>	<u>20%</u>	<u>40%</u>	<u>60%</u>	<u>80%</u>	<u>100%</u>
<u>New Investment (\$)</u>	<u>At least \$1,500,000</u>	<u>At least \$3,000,000</u>	<u>At least \$5,000,000</u>	<u>At least \$10,000,000</u>	<u>At least \$15,000,000</u>
<u>Net New Full- Time Jobs</u>	<u>At least 3 net new jobs</u>	<u>At least 10 net new jobs</u>	<u>At least 25 net new jobs</u>	<u>At least 50 net new jobs</u>	<u>At least 100 net new jobs</u>

14

15

16 (C) The amount of a tax credit granted under this program may not exceed the property tax
17 increase attributable to the increase in the assessment of the facility over the assessment
18 before the substantial investment was made to the qualifying facility (the "incremental
19 tax").

20

21 (D) SUBJECT TO THE APPROVAL OF THE COUNTY COUNCIL, THE COUNTY
22 EXECUTIVE MAY GRANT A TAX CREDIT UNDER THIS ARTICLE DIFFERENT
23 THAN THE CREDITS IDENTIFIED IN SECTION (B).

24

25 ***

Underlining indicates entirely new matter added to existing law.

[Single boldface brackets] indicates matter deleted from existing law.

*** - indicates existing law unaffected by bill

Double underlining boldface indicates matter added by Amendment.

[[Double bracket]] boldface and strikethrough indicates matter deleted by Amendment

Bill No. 23-16