



## **FREDERICK COUNTY GOVERNMENT**

### **COUNTY COUNCIL**

#### **COUNCIL MEMBERS**

*Bud Otis, President  
M.C. Keegan-Ayer, V. President  
Tony Chmelik  
Kirby Delauter  
Jerry Donald  
Jessica Fitzwater  
Billy Shreve*

## **FISCAL NOTE EXECUTIVE SUMMARY**

**Bill No.** 15-09

**Title:** An Act to Establish a Commercial and Industrial Business Tax Credit

**Sponsor:** Council President Bud Otis on behalf of County Executive Gardner

**Staff:** Lori Depies, Finance Director

#### **Funding Information**

Potential decrease in revenues with no anticipated change in expenditures.

This legislation provides a tax credit against the incremental real property taxes generated from an investment made by a business in Frederick County. The granting of this credit will decrease the amount of real property incremental tax revenues during the term of the tax credit, which can vary from 1 year up to a maximum term of 10 years. The percentage of incremental taxes given under the tax credit may also vary, but may not be greater than 100% of the incremental taxes generated from the investment. After the completion of the tax credit term, all tax revenue will be available to the County.

To qualify for this credit businesses have to make a significant investment in their business and expand the number of employees working in their Frederick County location. The amount of this impact to revenues is not known at this time. It is anticipated that the County would benefit in other areas that could outweigh the cost of this real property tax credit. These areas could include income taxes from the business and for those additional employees who live in Frederick County.

# **FREDERICK COUNTY COUNCIL**

## **Local Government Fiscal Estimate of Legislation**

### **CONTACT INFORMATION AND GENERAL INSTRUCTIONS**

<b>Bill Number/Reference:</b>	15-09
<b>Bill Title:</b>	An Act to Establish a Commercial and Industrial Business Tax Credit
<b>Date of First Reading:</b>	07/21/2015
<b>Local Government Agency:</b>	Finance
<b>Prepared By:</b>	Lori Depies
<b>Title:</b>	Finance Director
<b>Phone Number:</b>	301-600-1753
<b>E-Mail Address:</b>	<a href="mailto:ldepies@Frederickcountymd.gov">ldepies@Frederickcountymd.gov</a>
<b>Due Date:</b>	
<b>Date Submitted:</b>	08/17/2015

**Please submit BY E-MAIL to: Ragen Cherney, Legislative Director/Chief of Staff  
Frederick County Council • E-Mail: [RCherney@FrederickCountyMD.gov](mailto:RCherney@FrederickCountyMD.gov)**

If you prefer to provide responses or additional information in a separate file or document, send the file or document in a separate e-mail to [rcherney@frederickcountymd.gov](mailto:rcherney@frederickcountymd.gov) with the bill number/reference in the subject line.

# FREDERICK COUNTY COUNCIL

## Local Government Fiscal Estimate of Legislation

<b>Date:</b>	
1.	Describe the impact of this proposed legislation on your agency (operations, revenues, expenditures, etc). If there is no impact, <u>please explain why</u> .

This legislation provides a tax credit against the incremental real property taxes generated from an investment made by a business in Frederick County. The granting of this credit will decrease the amount of real property incremental tax revenues during the term of the tax credit, which can vary from 1 year up to a maximum term of 10 years. The percentage of incremental taxes given under the tax credit may also vary, but may not be greater than 100% of the incremental taxes generated from the investment. After the completion of the tax credit term, all tax revenue will be available to the County.

To qualify for this credit businesses have to make a significant investment in their business and expand the number of employees working in their Frederick County location. The amount of this impact to revenues is not known at this time. It is anticipated that the County would benefit in other areas that could outweigh the cost of this real property tax credit. These areas could include income taxes from the business and for those additional employees who live in Frederick County.

2.	Please indicate whether the proposed legislation will affect small businesses in Frederick County, and if it will, please provide any information you may have which could be useful in determining the economic impact on small businesses.
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This proposed legislation would have a positive impact on local businesses as it provides an incentive for businesses to expand in Frederick County.

### FISCAL IMPACT SUMMARY – SHOW (DECREASE) IN PARENTHESES

#### REVENUES

3.	Analysis of <b>estimated increase (or decrease) in government revenues</b> . Please estimate below any anticipated increase (or decrease) in revenues resulting from this legislation. Please be aware of any delayed effective dates in the bill or other factors that may cause revenue increases/decreases to begin in later years.
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Source	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Decrease in Real Property Tax Revenues – Credit will not go into effect until investment in business is complete and the increase in property value can be determined. This will take at least one year, as there are no known businesses that would qualify for this credit today.	No change	Potential Decrease	Potential Decrease	Potential Decrease	Potential Decrease
<b>TOTAL \$</b>	\$	\$	\$	\$	\$
<b>Please explain how the above estimated increase(s) or decrease(s) were arrived at, including any calculations and/or assumptions made. Please also explain any variation if the revenue increase(s)/decrease(s) are not constant.</b>					

The amount of this credit is based on the incremental increase in property values resulting from the business investment, the percentage of the tax credit granted and the term of the credit. As there are no known businesses currently qualifying for this credit, it is not possible to calculate the revenue impact of the tax credit.

## **FREDERICK COUNTY COUNCIL**

### **Local Government Fiscal Estimate of Legislation**

<u>EXPENDITURES</u>																																																																																			
4.	<p>Analysis of <b>estimated increase (or decrease) in government expenditures</b>. Please estimate below any anticipated increase (or decrease) in expenditures resulting from this legislation. Please be aware of any delayed effective dates in the bill or other factors that may cause expenditure increases/decreases to begin in later years.</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left;"><u>A. 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## **FREDERICK COUNTY COUNCIL**

### **Local Government Fiscal Estimate of Legislation**

4. (cont'd)

#### **C. Operating Expense Descriptions/Breakdowns**

Please provide below a short description of the specific purpose of each expense listed under 4B. If any amount(s) listed under 4B represent(s) a total of multiple expenses, provide a breakdown of the fiscal 2016 amount with a short description of each expense (for example, if \$2,500 is listed for Communications – Phone, Postage, a statement such as "\$1,500 for cellphone charges for two new inspectors and \$1,000 for postage for mailings to permittees to notify them of changes to inspection requirements.")

#### **Fiscal 2016 Expenditures**

<b>Technical/SpecialFees, Grants &amp; Subsidies</b> description/breakdown	<b>\$ 0.00</b>
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<b>Communications – Phone, Postage</b> description/breakdown	<b>\$ 0.00</b>
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<b>Travel, Food, Auto Operations, Fuel &amp; Utilities</b> description/breakdown	<b>\$ 0.00</b>
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<b>Contractual Services</b> description/breakdown	<b>\$ 0.00</b>
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<b>Supplies</b> description/breakdown	<b>\$ 0.00</b>
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<b>Equipment-Replacement</b> description/breakdown	<b>\$ 0.00</b>
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<b>Equipment-Additional</b> description/breakdown	<b>\$ 0.00</b>
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<b>Land &amp; Structures, Fixed Charges</b> description/breakdown	<b>\$ 0.00</b>
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<b>Other (Please Specify)</b> description/breakdown	<b>\$ 0.00</b>
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