



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

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

**Please submit BY E-MAIL to: Ragen Cherney, Legislative Director/Chief of Staff
Frederick County Council • E-Mail: 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 with the bill number/reference in the subject line.

FREDERICK COUNTY COUNCIL

Local Government Fiscal Estimate of Legislation

Date:

1. Describe the impact of this proposed legislation on your agency (operations, revenues, expenditures, etc). If there is no impact, please explain why.

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.

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 **estimated increase (or decrease) in government revenues.** 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.

<u>Source</u>	<u>FY 2016</u>	<u>FY 2017</u>	<u>FY 2018</u>	<u>FY 2019</u>	<u>FY 2020</u>
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
TOTAL \$	\$	\$	\$	\$	\$

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.

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.	Analysis of estimated increase (or decrease) in government expenditures. 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.					
A. Salaries & Wages		FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
FTE Employees - <u> 0 </u> # of positions						
Fringe Benefits						
N/A						
TOTAL (Salaries, wages & benefits)		\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00
		Please provide an explanation of the need for the number and type of any personnel listed above, including (1) what specific provision(s) of the bill necessitate additional staff; (2) what the duties of each type employee will be; and (3) why existing personnel cannot absorb the additional work. Please also certify the wage/salary rate and % fringe rate (if differing rates apply) for each personnel classification.				
N/A - It is not anticipated that this legislation would create the need for additional staff. Administration and calculation of the tax credit would be absorbed within the regular duties of existing staff.						
B. Other Operating Expenses		FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Technical/Special Fees, Grants/Subsidies						
Communications-Phone, Postage						
Travel, Food, Auto, Fuel & Utilities						
Contractual Services						
Supplies						
Equipment-Replacement						
Equipment-Additional						
Land & Structures, Fixed Charges						
Other (Please Specify on Extra Page(s))						
TOTAL (Expenditures)		\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00
		On the next page, please provide brief descriptions/breakdowns of the above "Other Operating Expenses."				
		Please explain below any additional calculations or assumptions made in estimating the "Other Operating Expenses" that will help us to understand the amounts and timing of the expenses.				
N/A - It is not anticipated that this legislation would create any additional operating or capital expenditures.						

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

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