



APPLICATION

Small Business New Job Creation Tax Credit

NAME OF BUSINESS: _____

Federal Employer Identification Number of the Business: _____

Contact Person: _____

Mailing Address (for correspondence purposes): _____

Telephone Number: _____ **Email Address:** _____

PROPERTY INFORMATION

Real Property Account Number: _____

Address of Property: _____

Name of Property Owner: _____

Address of Property Owner (if different from above): _____

If the new or expanded premises is leased property, who is responsible for payment of real estate taxes under the lease?

Lessor **Lessee** **Amount or %** _____

PROJECT INFORMATION

Identify the nature of the new or expanded premises in detail (for example, expansion of 1,500 square feet at 1234 Main Street, City, or new 1,500 square foot building at 1234 Main Street, City). Note: In order to qualify for a tax credit, the premises must not have been previously occupied.

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Project Start Date: _____ **Expected Completion Date:** _____

Estimated Cost of Total Project: \$ _____

EMPLOYEE INFORMATION

Number of Full-time positions prior to new project (if any): _____

Number of New Full-time positions in Frederick County resulting from the new project: _____

Anticipated Occupation Date for New Full-time Employees at New Facility: _____

OTHER

Has the business or another taxpayer been given a tax credit or exemption for the new or expanded premises during the same taxable year under any other state or county law?

Yes No

Is the location of the new or expanded premises consistent with applicable Frederick County land use master plans?

Yes No

I hereby certify that I am authorized to act on behalf of the above applicant and attest that the above information is true and accurate. I understand the applicant must submit documentation reasonably necessary to verify the above information including, but not limited to, payroll records and employee time sheets and such other documentation necessary to verify the above information for the taxable year for which the credit is sought and for the three taxable years following the last year in which a tax credit was granted. I further understand that submission of a false or fraudulent application or the withholding of information to obtain a tax credit is a Class A violation, and further subjects the applicant to repayment of all taxes with interest and penalties, and court costs and expenses in the event a civil action for collection is filed.

Authorized Official (print name)

Title

Signature of Authorized Official

Date

Please submit application to: Director of Finance, Frederick County, 12 E. Church Street, Frederick, MD 21701

Sample Notification Letter for the New Jobs Tax Credit and Enhanced New Jobs Tax Credit—this notice must be sent prior to the business obtaining the new or expanded premises or hiring new employees to fill the new permanent full-time positions.

DATE

Director of Finance
Frederick County Government
12 E. Church Street
Frederick, MD 21701

Dear Director:

This is to notify you of Your Business's intent to receive the Small Business New Job Creation Tax Credit. Your Business is located at #### Street Name, Town, State, Zip Code. Your Business currently has #### full-time permanent employees, housed in ##### square feet of space. It is Your Business's intention to expand by #### permanent full-time employees and by ##### square feet of space by Month 20##.

I will forward to you Your Business's quarterly filing (covering the current month) for either Maryland withholding taxes or unemployment insurance taxes when it becomes available. I will also send you a copy of our current lease, detailing the amount of space Your Business occupies. (Or some other document detailing the space occupied).

Sincerely,

Your Business's Contact

ARTICLE XV: SMALL BUSINESS REAL PROPERTY TAX CREDIT

Section

- 1-8-461 Establishment
- 1-8-462 Definitions
- 1-8-463 Eligibility for tax credit
- 1-8-464 Tax credit percentages and timing
- 1-8-465 Lessors
- 1-8-466 General provisions

§ 1-8-461. ESTABLISHMENT.

(A) As authorized by, and subject to, the provisions set forth in the Annotated Code of Maryland, Tax Property Article, Section 9-312(i), Frederick County, Maryland hereby establishes a property tax credit against the County property tax on real property owned or leased by a business entity that meets the requirements specified in this article, which real property tax credit shall be known as the Frederick County Small Business Real Property Tax Credit.

(B) The Frederick County Director of Finance ("Director") shall administer this tax credit.
(Bill No. 16-18, 2-21-2017)

§ 1-8-462. DEFINITIONS.

AFFILIATE. A person:

- (1) That directly or indirectly owns at least 80% of a business entity; or
- (2) At least 80% of which is owned, directly or indirectly, by a business entity.

BUSINESS ENTITY. A person conducting a trade or business in the state that is subject to the state individual or corporate income tax or insurance premiums tax.

DIRECTOR. The Director of Finance for Frederick County or Designee.

FULL-TIME POSITION. A position that requires at least 1800 hours of an employee's time in a calendar year, during which time the employee is paid at a rate at least equal to 150% of the federal minimum wage.

NEW OR EXPANDED PREMISES. Commercial or industrial real property, including a building or part of a building that has not been previously occupied, where a business entity or its affiliates locate to conduct business.

NEW PERMANENT FULL-TIME POSITION. A position that is:

- (1) A full-time position of indefinite duration;
- (2) Located in Frederick County;
- (3) Newly created, as a result of the establishment or expansion of a business facility in the county; and
- (4) Filled.

NEW PERMANENT FULL-TIME POSITION. Does not include a position that is:

(1) Created when an employment function is shifted from an existing business facility of the business entity or its affiliates located in Frederick County to another business facility of the same business entity or its affiliates, if the position does not represent a net new job in Frederick County;

(2) Created through a change in ownership of a trade or business;

(3) Created through a consolidation, merger, or restructuring of a business entity or its affiliates, if the position does not represent a net new job in Frederick County;

(4) Created when an employment function is contractually shifted from an existing business entity or its affiliates located in the county to another business entity or its affiliates, if the position does not represent a net new job in Frederick County; or

(5) Filled for a period of less than 12 months.

(Bill No. 16-18, 2-21-2017)

§ 1-8-463. ELIGIBILITY FOR TAX CREDIT.

(A) To qualify for the Frederick County small business real property tax credit under this article, before a business entity obtains new or expanded premises or hires employees to fill the new permanent full-time positions at the new or expanded premises, the business entity must provide written notification to the Director stating:

(1) That the business entity intends to claim the property tax credit; and

(2) When the business entity expects to obtain the new or expanded premises and hire the required number of employees in the new permanent full-time positions.

(B) To further qualify for this property tax credit a business entity shall:

(1) Obtain at least 2,500 square feet of new or expanded premises within Frederick County by purchasing newly constructed premises, constructing new premises, causing new premises to be constructed, or leasing previously unoccupied premises; and

(2) Employ at least five individuals in new permanent full-time positions within Frederick County during a 24-month period, during which period the business entity also must obtain and occupy the new or expanded premises.

(3) Continue to occupy the new or expanded premises and continue to employ the increased total work force throughout each year for which this tax credit is sought.

(C) To qualify for this property tax credit, the total number of full time permanent employees collectively employed by the business entity and its affiliates may not exceed 50 at the time the application for this tax credit is initially filed.

(Bill No. 16-18, 2-21-2017)

§ 1-8-464. TAX CREDIT PERCENTAGES AND TIMING.

(A) Subject to subsection (B) of this section, if a business entity qualifies for this property tax credit, the credit shall equal a percentage of the amount of property tax imposed on the assessment of the new or expanded premises, as follows:

(1) 40% in the 1st and 2nd taxable years;

(2) 30% in the 3rd and 4th taxable years;

(3) 20% in the 5th and 6th taxable years; and

(4) 0% for each taxable year thereafter.

(B) This small business property tax credit may not be granted until the first full taxable year in which the Frederick County property tax imposed on real property owned or leased by the business entity increases due to the business entity's qualifying investment in the new or expanded premises.

(C) Provided eligibility is maintained each subsequent year, the last tax year this property tax credit shall be available shall be the sixth tax year that follows the increase in Frederick County real property tax due to the qualifying investment in new or expanded property.

(Bill No. 16-18, 2-21-2017)

§ 1-8-465. LESSORS.

The lessor of real property granted a small business property tax credit shall reduce the amount of taxes for which a business entity is contractually liable under the lease agreement by the amount of any tax credit granted under this article for improvements made by the business entity. The term of the property tax credit may not exceed the remaining term of the lease and may not, in any event, exceed six years.

(Bill No. 16-18, 2-21-2017)

§ 1-8-466. GENERAL PROVISIONS.

(A) This property tax credit shall be a credit only against the Frederick County real property tax imposed pursuant to Maryland Annotated Code Tax-Property Article Section 6-202 and shall not be a credit against any special taxing district tax including, but not limited to, tax for fire and rescue services imposed pursuant to Maryland or Frederick County law.

(B) Business Entities and Affiliates shall file annually on or before April 30 of each calendar year an affidavit, signed under oath or affirmation subject to penalties for perjury, with the Director certifying that the business entity continues to operate in the new or expanded premises in Frederick County, that the

additional new jobs remain filled with full time employees and that the real property otherwise continues to qualify for this tax credit; failure to do so shall mean that the otherwise qualifying real property shall not be entitled to receive this tax credit for the following tax year (July 1 through June 30).

(C) In addition to terminating as may be provided elsewhere in this article, any tax credit granted under this provision shall terminate:

(1) If ownership of the new or expanded premises is transferred or conveyed in any manner whatsoever, except that this provision shall not apply simply because the new or expanded premises is subject to a mortgage or deed of trust granted as part of a financing of the premises or if the transfer or conveyance is between a parent business entity and its wholly owned subsidiary business entity or between two or more subsidiary business entities wholly owned by the same parent business entity or between a business entity and an affiliate;

(2) When the new or expanded premises is substantially destroyed;

(3) At the end of the sixth tax year after the new or expanded premises was first eligible for this tax credit;

(4) When the qualifying business entity's increased total workforce or new and expanded premises are reduced below their number or size when qualifying for this tax credit; or

(5) Whenever the qualifying business entity is no longer in compliance with the terms of this tax credit.

(D) To the extent this tax credit terminates other than at the end of a tax year, the property owner shall repay, without demand, Frederick County the amount of the tax credit received for that tax year. Interest shall accrue from the date the tax credit terminates at the rate established for overdue property taxes. To the extent permitted by law, any unrepaid tax credit is

a lien on the real property that had received the tax credit and may be collected in the same manner as unpaid property taxes may be collected under the Annotated Code of Maryland, Tax-Property Article.

(E) In the event a business entity qualifies for this small business tax credit as well as for a second real property tax credit available from Frederick County and applications are timely filed for both credits, the qualifying business may elect which credit to receive, but may not receive both credits. Properties participating in a tax financing or payment in lieu of taxes program are not eligible for a small business real property tax credit.

(F) The business entity seeking this credit must apply for this tax credit with the Director on or before October 1 of the tax year for which the real property is first eligible for this tax credit and must thereafter reapply annually at the same time as filing the required annual certification of continued compliance.

(G) This small business tax credit program shall terminate on December 31, 2026.

(Bill No. 16-18, 2-21-2017)