

Kent County, MD
Monday, April 13, 2015

Chapter 152. Taxation

Article VI. Tax Credits for Businesses That Create New Jobs

[Adopted 10-6-1998 by Bill No. 5-98; amended in its entirety 4-17-2001 by Bill No. 2-2001]

§ 152-21. Definitions.

In this article, the following words have the meaning indicated:

BUSINESS ENTITY

A person conducting a trade or business in the County, that is subject to the County individual or corporate income tax, insurance premiums tax, financial institution franchise tax, or public service company franchise tax.

ASSESSED VALUE

The value of real property as determined by the Department of Assessments and Taxation to which a County property tax rate may be applied.

NEW OR EXPANDED PREMISES

Real property, including a building or part of a building that has not been previously occupied, where a business entity locates to conduct its business.

NEW PERMANENT FULL-TIME POSITION

- A. A position that is:
- (1) A full-time position of indefinite duration;
 - (2) Located in Kent County;
 - (3) Newly created, as a result of the establishment or expansion of a business facility in the County; and
 - (4) Filled.
- B. "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 located in Maryland to another business facility of the same business entity if the position does not represent a net new job in the 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 if the position does not represent a new job in the County;

- (4) Created when an employment function is contractually shifted from an existing business entity located in the County to another business entity if the position does not represent a net new job in the County; or
- (5) Filled for a period of less than 12 months.

§ 152-22. Property tax credit.

A property tax credit may be granted against the County property tax imposed on real property owned or leased by a business entity that meets the requirements specified under § **152-23** of this article and on personal property owned by that business entity that meets the requirements specified under § **152-25** of this article.

§ 152-23. Qualifications for credit.

- A. To qualify for a tax credit under this article, a business entity shall:
 - (1) Construct or expand by at least 5,000 square feet the premises on which it conducts its business through purchasing or constructing new premises or by leasing new premises; and
 - (2) Employ at least 10 individuals in new, permanent full-time positions in a new or expanded premises.
[Amended 12-17-2013 by Bill No. 6-2013]
- B. A tax credit may not be granted under this article if the new or expanded premises has otherwise been granted a tax credit or exemption under this article for the taxable year.
[Amended 2-1-2011 by Bill No. 6-2010]

§ 152-24. Location of eligible personal property.

To qualify for a property tax credit under this article against property tax imposed on personal property a business entity shall certify that the personal property is located on the new or expanded premises that qualify for a tax credit under § **152-23** of this article.

§ 152-25. Computation of property tax credit.

- A. The County Commissioners shall compute the amount of the property tax credit granted under § **152-22** of this article for new or expanded premises and the personal property located on those premises that may be claimed against the County property taxes that would otherwise be due to equal a percentage of the amount of property tax imposed on the assessed value of the new or expanded premises, as follows:
 - (1) For the first and second taxable years: 52%;
 - (2) In the third and fourth taxable years: 39%;
 - (3) In the fifth and sixth taxable years; 26%; and
 - (4) For each taxable year thereafter; 0%.

- B. The County shall notify the Department of Assessments and Taxation that a business entity has been approved for the property tax credit and the assessed value of the new or expanded premises.

§ 152-26. Use of excess tax credit.

If the County tax credit allowed under § **152-25** in any taxable year exceeds the total tax otherwise payable by the business entity for the taxable year, a business entity may apply the excess as a credit for succeeding taxable years until the earlier of:

- A. The full amount of excess is used; or
- B. The expiration of the fifth taxable year after the taxable year in which the County tax credit is claimed.

§ 152-27. Reduction of taxes under lease agreement.

The lessor of real property eligible for tax credits under § **152-22** shall reduce by the amount of the tax credits computed under s§ **152-25** the amount of taxes for which the eligible business entity is contractually liable under the lease agreement.

§ 152-28. Refund of tax credits earned.

The business entity shall refund to the County and state tax credits earned, if, during the three taxable years succeeding any year in which a credit was earned, the business entity fails to satisfy the applicable thresholds to qualify for a property tax credit required under § **152-25** of this article.

§ 152-29. Verification.

The business entity shall submit the following information to verify that the business entity is not subject to §§ **152-27** and **152-28** of this article:

- A. Certification as to the size of the premises occupied.
- B. Annual employment records certifying the number of full-time employees and the date that each was employed.