



BILL NO.: House Bill 592

TITLE: Tax Credit for Businesses That Create New Jobs – Enhanced Credit - Extension

POSITION: **SUPPORT**

DATE: March 29, 2012

COMMITTEE: Budget and Taxation

CONTACT: Andrea Mansfield

The Maryland Association of Counties (MACo) **SUPPORTS** HB 592. This bill would extend the time frame that a company may qualify for the enhanced credit of the Businesses That Create New Jobs Tax Credit from 12 years to 24 years.

The Businesses that Create New Jobs Tax Credit was established to provide an incentive to business to locate and expand in Maryland. This program has two components, a property tax credit and an enhanced property tax credit. Local governments are also authorized to grant property tax credits against real and personal property taxes of a business that locates or expands within its jurisdiction. However, the eligibility criteria for both components of the program apply to both the State and local tax credit.

HB 592 deals specifically with the duration of an enhanced property tax credit. For a business to qualify for an enhanced property tax credit it must obtain at least 250,000 square feet of new or expanded premises, continue to employ at least 2,500 individuals in existing full-time positions, and employ at least 500 individuals in new permanent full-time positions or obtain 250,000 square feet of new or expanded premises and employ at least 1,250 individuals in new permanent full-time positions. If a business meets this criteria and the local jurisdiction in which it is located has enacted a tax credit for this purpose, under current State law, the business would receive the tax credit for 12 years. HB 592 would expand the duration of the credit to 24 years to provide a greater incentive for a business to expand or locate within a specific jurisdiction.

MACo understands that this legislation has been introduced to address a specific situation in Montgomery County. However, this expansion could also assist other jurisdictions that may be trying to lure a large business to the area.

MACo believes this program is a good economic development tool and would urge the Committee to give HB 592 a **FAVORABLE** report.