



Senate Bill 605

Property Tax Credit – Upper Stories of Commercial Structures - Rehabilitation

MACo Position: **SUPPORT**

To: Budget and Taxation Committee

WITH AMENDMENTS

Date: February 19, 2014

From: Andrea Mansfield

The Maryland Association of Counties (MACo) **SUPPORTS SB 605 WITH AMENDMENTS**. This bill would establish a local option tax credit for the rehabilitation of an upper story of a building to bring the building into compliance with building and safety codes.

MACo has no concerns with the premise of this credit; bringing older buildings into compliance with new building and safety codes can be extremely expensive for a property owner. However, MACo is concerned with the prescriptive nature of the credit.

Although a local government has the authority to specify some criteria for the credit, SB 605 requires the amount of the credit to be 50% of the amount of the qualifying investment in a structure and that the credit be granted for a 10 year period. MACo would like local governments to have greater flexibility to determine the amount of the credit and the duration. MACo has worked on amendments, which have been offered by the sponsor, to provide this flexibility. The amendments specify that the amount of the credit may be up to 50% of the amount of qualifying investment and that the credit may be granted for up to a period of 10 years.

Counties continuously struggle with balancing budgets and offering economic development opportunities. Maximum flexibility in property tax credit programs gives counties the ability to tailor these programs to best meet the needs of the county and the business community.

MACo urges the Committee to adopt the offered amendments and give SB 605 a **FAVORABLE WITH AMENDMENTS** report.