

**MEMORANDUM**

TO: County Council

FROM: *MF* Michael Faden, Senior Legislative Attorney

SUBJECT: **Public Hearing/Action:** Expedited Bill 55-10, Taxation – Transportation Impact Tax – Credits - Amendments

Expedited Bill 55-10, Taxation – Transportation Impact Tax – Credits - Amendments, sponsored by Councilmembers Knapp and Elrich, was introduced on October 26, 2010. Action is tentatively scheduled following the public hearing.

Bill 55-10 would clarify the extent to which certain entities may apply unused transportation impact tax credits to satisfy an obligation under Policy Area Mobility Review or a successor policy area transportation test. This bill would modify an amendment to Bill 19-10, Taxes – Transportation Impact Tax – Amendments, which the County Executive returned unsigned on October 25.

This Bill would modify the previously-adopted amendment by:

- limiting any credits allowed to \$1.7 million; and
- allowing credits to be used only if the Executive designates the receiving development as a strategic economic development project.

This packet contains:	<u>Circle #</u>
Expedited Bill 55-10	1
Legislative Request Report	3

Expedited Bill No. 55-10  
Concerning: Taxes - Transportation  
Impact Tax – Credits – Amendments  
Revised: 10-21-10 Draft No. 1  
Introduced: October 26, 2010  
Expires: April 26, 2012  
Enacted: \_\_\_\_\_  
Executive: \_\_\_\_\_  
Effective: \_\_\_\_\_  
Sunset Date: November 1, 2015  
Ch. \_\_\_\_\_, Laws of Mont. Co. \_\_\_\_\_

## COUNTY COUNCIL FOR MONTGOMERY COUNTY, MARYLAND

---

By: Councilmembers Knapp and Elrich

---

**AN EXPEDITED ACT to:**

- (1) modify the credits that apply to the transportation impact tax; and
- (2) generally amend County law regarding impact taxes.

By amending

Montgomery County Code  
Chapter 52, Taxation  
Section 52-55

<b>Boldface</b>	<i>Heading or defined term.</i>
<u>Underlining</u>	<i>Added to existing law by original bill.</i>
[Single boldface brackets]	<i>Deleted from existing law by original bill.</i>
<u>Double underlining</u>	<i>Added by amendment.</i>
[[Double boldface brackets]]	<i>Deleted from existing law or the bill by amendment.</i>
* * *	<i>Existing law unaffected by bill.</i>

*The County Council for Montgomery County, Maryland approves the following Act:*

1           **Sec. 1. Section 52-55 is amended as follows:**

2   **52-55. Credits.**

3           (a)           \*       \*       \*

4           (2)   [Any credit that was certified before July 1, 2002, for an entity  
5           that received more than \$20 million in credits under this  
6           subsection may be applied to satisfy up to \$2 million worth of  
7           obligations under Policy Area Mobility Review or any successor  
8           policy area transportation test, in addition to impact taxes. This  
9           paragraph is not effective after October 31, 2015.]

10          (A)   An entity that received more than \$20 million in credits  
11               under this subsection that were certified before July 1,  
12               2002, may apply any unused credit to satisfy an obligation  
13               under Policy Area Mobility Review, or any applicable  
14               successor policy area transportation test, if:

15           (i)   the County Executive has identified the project for  
16               which a credit would be applied under this  
17               paragraph as a strategic economic development  
18               project; and

19           (ii) the credit is used before November 1, 2015.

20          (B)   The total of any credits used under this paragraph to satisfy  
21               an obligation under Policy Area Mobility Review, or any  
22               applicable successor policy area transportation test, must  
23               not exceed \$1.7 million.

24                               \*       \*       \*

25           **Sec. 2. Expedited Effective Date.**

26           The Council declares that this legislation is necessary for the immediate  
27           protection of the public interest. This Act takes effect on the date when it becomes  
28           law.

## LEGISLATIVE REQUEST REPORT

Expedited Bill 55-10

*Taxation – Transportation Impact Tax – Credits – Amendments*

**DESCRIPTION:** Expedited Bill 55-10 would modify the provision which allows credits for the transportation impact tax to apply to satisfy obligations under Policy Area Mobility Review or a successor policy area transportation test.

**PROBLEM:** Need to further clarify the extent to which certain entities may apply unused transportation impact tax credits to satisfy an obligation under Policy Area Mobility Review or a successor policy area transportation test.

**GOALS AND OBJECTIVES:** To clarify the extent to which certain entities may apply unused transportation impact tax credits to satisfy an obligation under Policy Area Mobility Review or a successor policy area transportation test.

**COORDINATION:** Departments of Transportation and Finance

**FISCAL IMPACT:** To be requested.

**ECONOMIC IMPACT:** To be requested.

**EVALUATION:** To be requested.

**EXPERIENCE ELSEWHERE:** To be researched.

**SOURCE OF INFORMATION:** Michael Faden, Senior Legislative Attorney, 240-777-7905  
Glenn Orlin, Deputy Staff Director, 240-777-7936

**APPLICATION WITHIN MUNICIPALITIES:** Applies only to County transportation impact tax.

**PENALTIES:** N/A.