MEMORANDUM

TO: County Council

FROM: Michael Faden, Senior Legislative Attorney

SUBJECT: Introduction: Bill 34-11, Biotechnology Investment Incentive Tax Credit

Supplement - Amendment

Bill 34-11, Biotechnology Investment Incentive Tax Credit Supplement - Amendment, sponsored by the Council President at the request of the County Executive, is scheduled to be introduced on October 25, 2011. A public hearing is tentatively scheduled for November 15 at 1:30 p.m.

Bill 34-11 would clarify the proportion of the annual Biotechnology Investment Incentive Tax Credit Supplement an applicant may receive.

This packet contains:	<u>Circle #</u>
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Expedited Bill N	10		<u>34-1</u>	1	
Concerning: B	ioted	chnolog	У	Investr	nent
Incentive -	Гах	Credit	Sup	pleme	nt -
<u>Amendmer</u>	<u>nt</u>				
Revised: 10-2	20-1	1	Dra	aft No.	4
Introduced:	Oct	ober 25	20	11	
Expires:	Apr	il 25, 20	13		
Enacted:					
Executive:					
Effective:					
Sunset Date: _	Nor	ne			
Ch. Lav	vs of	Mont.	Co.		

COUNTY COUNCIL FOR MONTGOMERY COUNTY, MARYLAND

By: Council President at the Request of the County Executive

AN EXPEDITED ACT to:

- (1) clarify the proportion of the annual Biotechnology Investment Incentive Tax Credit Supplement an applicant may receive; and
- (2) generally amend the law relating to the Biotechnology Investment Incentive Tax Credit Supplement.

By amending

Montgomery County Code Chapter 20, Finance Section 20-76A

Boldface
Underlining
Added to existing law by original bill.

[Single boldface brackets]
Double underlining
Added by amendment.

[[Double boldface brackets]]

* * * *

Heading or defined term.

Added to existing law by original bill.

Added by amendment.

Deleted from existing law or the bill by amendment.

Existing law unaffected by bill.

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

1	Sec. 1	Section 20-76A is amended as follows:				
2	20-76A. Biotechnology [investment incentive tax credit supplement] Investment					
3	3 Incentive Tax Credit Supplement.					
4		* * *				
5	(d)	The Supplement paid to each [recipient must equal] eligible applicant				
6		must equal the product of:				
7		(1) the amount of the credit received by the applicant under the State				
8		Biotechnology Investment Tax Credit Program, divided by the				
9		total amount of credits received by all Montgomery County				
10		biotechnology companies under the State Biotechnology				
11		Investment Tax Credit Program; and				
12		(2) the total amount of funds appropriated to the Supplement				
13		Program. The Supplement must not exceed 50% of [any] the				
14		State tax credit [the recipient] an eligible applicant receives from				
15		the [State biotechnology investment incentive tax credit program,				
16		or a lower percentage, set in the annual operating budget				
17		resolution, which reflects the relative proportions of the				
18		respective annual appropriations for the state tax credit and the				
19		County supplement] Maryland Biotechnology Investment Tax				
20		Credit Program in any given year. An eligible applicant must not				
21		receive more than 15% of the total annual appropriation for the				
22		Supplement program.				
23	Sec. 2	Expedited Effective Date.				
24	The (ouncil declares that this legislation is necessary for the immediate				
25	protection of	the public interest. This Act takes effect on the date when it becomes				

26

law.

LEGISLATIVE REQUEST REPORT

Bill 34-11

Biotechnology Investment Incentive Tax Credit Supplement - Amendment

DESCRIPTION:

Clarify the proportion of the annual Biotechnology Investment Incentive Tax Credit Supplement (Supplement) an applicant may receive and generally amend the law relating to the Biotechnology Investment Incentive Tax Credit Supplement.

PROBLEM:

Current law contains language mandating that the County provide an eligible applicant with 50% of the amount the State Biotech Tax Credit issued to eligible investors (applicants), unless a lower percentage is set in the annual operating budget resolution.

GOALS AND OBJECTIVES:

The attached bill deletes language that requires the amount of the supplement to equal 50% of the SBITCP and substitutes language that provides that an eligible company will receive a supplement amount that is proportionate to the amount of the credit received by that company under the SBITCP as a percentage of the total amount of credits allocated under the SBITCP to Montgomery County biotechnology companies.

COORDINATION:

County Attorney, Department of Economic Development

FISCAL IMPACT:

Same as the original bill as this amendment will provide the County

with flexibility of providing matches.

ECONOMIC IMPACT:

The amendment will continue to support the same mission as the original bill, i.e., stimulate investment activities in the biotechnology industry in the County and provide the incentives to support the

growth of biotech companies in the County.

EVALUATION:

Department of Economic Development will monitor the business growth of the tax credit supplement recipients and report annually.

EXPERIENCE ELSEWHERE: State of Maryland is operating the program very successfully since

2008.

SOURCE OF **INFORMATION:** Department of Economic Development.

APPLICATION WITHIN

None. All applicants in the County will be eligible.

MUNICIPALITIES:

PENALTIES: None.

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OFFICE OF THE COUNTY EXECUTIVE ROCKVILLE, MARYLAND 20850

Isiah Leggett County Executive

MEMORANDUM

October 17, 2011

TO:

Valerie Ervin, County Council President

FROM:

Ike Leggett, County Executive

SUBJECT: Proposed Legislation re: Montgomery County Biotechnology Investment Incentive

Tax Credit Supplement

I am submitting for Council introduction a bill that would modify the Biotechnology Investment Incentive Tax Credit Supplement (Biotech Credit Supplement Program) that was established when Bill 5-10, Biotechnology Credit – Local Supplement was enacted on March 16, 2010. I am also enclosing a Legislative Request Report for this bill.

Under current law, the County is required to pay each eligible biotechnology company an amount that is equal to 50% of the tax credit that the recipient receives from the State Biotechnology Investment Tax Credit Program (SBITCP). However, due to County's limited initial budget of \$500,000 in FY12 and the uncertainty of future appropriations to the program, the current mandatory supplement amount will make it impossible to implement the Biotech Credit Supplement Program. The attached bill deletes language that requires the amount of the supplement to equal 50% of the SBITCP and substitutes language that provides that an eligible company will receive a supplement amount that is proportionate to the amount of the credit received by that company under the SBITCP as a percentage of the total amount of credits allocated under the SBITCP to Montgomery County biotechnology companies.

Please contact Steve Silverman, Director, Department of Economic Development, at 240-777-2005 if you have questions about the Biotech Credit Supplement Program or any aspect of this bill. Thank you for your consideration of this item.

Attachments (2)

cc: Steve Silverman, DED Director