AN ACT to:

(1) provide a property tax credit for certain buildings that meet certain standards for energy and environmental design; and

(2) generally amend County law regarding property tax credits.

By adding

Montgomery County Code
Chapter 52, Taxation
Section 52-18Q

The County Council for Montgomery County, Maryland approves the following Act:
Sec. 1. Section 52-18Q is added as follows:

52-18Q. Property tax credit — Energy and Environmental Design

(a) Definitions. In this section the following words have the meanings indicated:

(1) "Covered building" has the meaning stated in Section 8-48.

(2) "High performance building" means [a building that]

(A) is certified as achieving a silver rating for Leadership in Energy and Environmental Design — New Construction (LEED-NC) from the United States Green Buildings Council; or

(B) meets the standards for energy and environmental design adopted by the Maryland Green Buildings Council

(A) A covered building that achieves:

1. A gold or platinum rating from the USGBC for LEED-NC, LEED-CS, or LEED-EB; or

2. An energy and environmental design standard that the Director of the Department of Permitting Services finds is equivalent to a gold or platinum rating from the USGBC for LEED-NC, LEED-CS, or LEED-EB; and

(B) Any other building that achieves:

1. A silver, gold, or platinum rating from the USGBC for LEED-NC, LEED-CS, or LEED-EB; or

2. An energy and environmental design standard that the Director of the Department of Permitting Services finds is equivalent the silver, gold or platinum rating from the USGBC for LEED-NC, LEED-CS, or LEED-EB.

(3) "LEED-CS" means the Leadership in Energy and Environmental Design Core and Shell rating system administered by the USGBC.

(4) "LEED-EB" means the Leadership in Energy and Environmental Design Existing Building rating system administered by the USGBC.

(5) "LEED-NC" means the Leadership in Energy and Environmental Design New Construction rating system administered by the USGBC.
(6) "Property tax" means the general County tax and all special service area taxes.

(7) "USGBC" means the US Green Building Council.

(b) *Credit*. Subject to the restrictions in subsections (c) [(and (d))] (d), and (e), the Director of the Department of Finance must allow a tax credit each eligible year against the property tax imposed on a high performance building.

(c) *Application*. A taxpayer must apply for the credit:

(1) for a building that is certified as achieving the silver rating for LEED-NC, within 1 year after the building is certified; or

(2) for any other building, within 1 year after a use and occupancy permit is issued under Chapter 8.]] within 1 year after the building is certified as a high performance building.

(d) *Amount of credit.*

[(1) At the time of application, the taxpayer must choose to apply the credit over either 5 or 10 consecutive years.

(2) If the tax credit is applied over 5 years, the amount of the credit each year is 50% of the property tax owed on the building.

(3) If the tax credit is applied over 10 years, the amount of the credit each year is 25% of the property tax owed on the building.]

(1) For a covered building, the amount of the credit is:

(A) 25% of the property tax owed on the building for 5 years, if the building achieves a gold rating for LEED-NC or LEED-CS or an equivalent standard; or

(B) 75% of the property tax owed on the building for 5 years, if the building achieves a platinum rating for LEED-NC or LEED-CS or an equivalent standard;

(C) 10% of the property tax owed on the building for 3 years, if the building achieves the gold rating for LEED-EB or an equivalent standard; and
(D) 50% of the property tax owed on the building for 3 years, if the building achieves the platinum rating for LEED-EB or an equivalent standard.

(2) For any other building, the amount of the credit is:

(A) 25% of the property tax owed on the building for 5 years, if the building achieves a silver rating for LEED-NC or LEED-CS or an equivalent standard;

(B) 50% of the property tax owed on the building for 5 years, if the building achieves a gold rating for LEED-NC or LEED-CS or an equivalent standard;

(C) 75% of the property tax owed on the building for 5 years, if the building achieves a platinum rating for LEED-NC or LEED-CS or an equivalent standard;

(D) 10% of the property tax owed on the building for 3 years, if the building achieves the silver rating for LEED-EB or an equivalent standard;

(E) 25% of the property tax owed on the building for 3 years, if the building achieves the gold rating for LEED-EB or an equivalent standard; and

(F) 50% of the property tax owed on the building for 3 years, if the building achieves the platinum rating for LEED-EB or an equivalent standard.

(e) Annual limits.

(1) Subject to the annual limits in paragraph (2) and the carryover rules in paragraph (3), the Director must grant credits in the order in which the Department of Finance receives complete applications.

(2) During any fiscal year the total credits granted to:

(A) All buildings under this Section must not exceed $5 million;

(B) Buildings that achieve a silver rating or equivalent standard must not exceed $1.5 million; and
(C) Buildings that achieve a gold rating or equivalent standard must not exceed $2.5 million.

(3) A complete application that, if granted, would cause any of the limits set in paragraph (2) to be exceeded, must be granted in the next fiscal year or years based on the order in which the Department of Finance received the application.

(f) Regulations. The County Executive may issue regulations under method (2) to administer this tax credit.

Sec. 2. [[Retroactivity]] Applicability.

[[Notwithstanding subsection (c) of Section 52-18Q as added by Section 1 of this Act, if a high performance building was certified as achieving a silver rating for LEED-NC before this Act takes effect, the taxpayer may apply for the credit established in Section 52-18Q within 1 year after the Act takes effect]]. Section 52-18Q, as added by Section 2 of this Act, applies to any building which is certified as a high performance building after the Act takes effect.

Approved:

Michael J. Knapp, President, County Council

Approved:

Isiah Leggett, County Executive

This is a correct copy of Council action.

Linda M. Lauer, Clerk of the Council