COUNTY COUNCIL
FOR MONTGOMERY COUNTY, MARYLAND

By: Council President at the request of the County Executive

AN ACT to:
(a) amend the law allowing a property tax credit in arts and entertainment districts to conform to State law;
(b) clarify that the property tax credit only applies to the portion of a building that is used by a qualifying residing artist or arts and entertainment enterprise; and
(c) generally amend County law regarding arts and entertainment districts.

By amending
Montgomery County Code
Chapter 52, Taxation
Section 52-18L

The County Council for Montgomery County, Maryland approves the following Act:
Section 52-18L is amended as follows:

52-18L. Property tax credit - arts and entertainment district.

(a) In this Section the following words have the meanings indicated.

*Arts and Entertainment District, Arts and Entertainment Enterprise, and Qualifying Residing Artist* are defined in Section 4-701 of Article 83A of the Maryland Code.

*Base year* means the taxable year immediately before the taxable year in which a property tax credit under this section is granted.

*Base year value* means the value of the property used to determine the assessment on which the property tax was imposed for the base year. *Base year value* does not include any property first assessed in the base year.

*Eligible assessment* means the difference between the base year value and the actual assessed value for the applicable taxable year in which the tax credit under this Section is to be granted.

(b) The Director of Finance must allow a tax credit, as authorized by state law, to a taxpayer against the County property tax imposed on a manufacturing, commercial, or industrial building that:

(1) is located in an arts and entertainment district; and

(2) is wholly or partially constructed or renovated to be capable for use by a qualifying residing artist or an arts and entertainment enterprise.
(c) A tax credit granted under this Section applies for 10 years, as provided in subsection (d), [as long as] for that portion of the building that is used by a qualifying residing artist or an arts and entertainment enterprise.

(d) The Director must calculate a tax credit allowed under this Section as follows:

(1) Except for properties allowed a Enterprise Zone Tax Credit, the amount of the tax credit under this Section is the following percentage of the amount of property tax imposed on the eligible assessment of the property entitled to the credit:

(A) 80% in each of the first 5 taxable years after the calendar year when the property initially is entitled to the credit;

(B) 70% in the 6th taxable year;

(C) 60% in the 7th taxable year;

(D) 50% in the 8th taxable year;

(E) 40% in the 9th taxable year; and

(F) 30% in the 10th taxable year.

(2) For properties allowed an Enterprise Zone Tax Credit, the amount of the tax credit under this Section is 20% of the amount of property tax imposed on the eligible assessment of the property entitled to the credit for each of the 10
taxable years after the calendar year when the property initially is entitled to the credit. The credit under this Section is in addition to the Enterprise Zone Tax Credit.

Approved:

Michael J. Knapp, President, County Council  26 Jun 08

Approved:

Isiah Leggett, County Executive  2 Jul 2008

This is a correct copy of Council action.

Linda M. Lauer, Clerk of the Council  7 Jul 2008