

Bill No. 13-08  
Concerning: Taxation – Arts and  
Entertainment District – Property Tax  
Credits  
Revised: 4-11-08 Draft No. 1  
Introduced: April 15, 2008  
Enacted: June 24, 2008  
Executive: July 7, 2008  
Effective: October 6, 2008  
Sunset Date: None  
Ch. 26, Laws of Mont. Co. 2008

## COUNTY COUNCIL FOR MONTGOMERY COUNTY, MARYLAND

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By: Council President at the request of the County Executive

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**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

|                              |  |
|------------------------------|--|
| <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 Section 52-18L is amended as follows:

2 **52-18L. Property tax credit - arts and entertainment district.**

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

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

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

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

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

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

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

24 (2) is wholly or partially constructed or renovated to be  
25 capable for use by a qualifying residing artist or an arts  
26 and entertainment enterprise.

- 27 (c) A tax credit granted under this Section applies for 10 years, as  
28 provided in subsection (d), [as long as] for that portion of the  
29 building that is used by a qualifying residing artist or an arts and  
30 entertainment enterprise.
- 31 (d) The Director must calculate a tax credit allowed under this Section  
32 as follows:
- 33 (1) Except for properties allowed a Enterprise Zone Tax Credit,  
34 the amount of the tax credit under this Section is the  
35 following percentage of the amount of property tax imposed  
36 on the eligible assessment of the property entitled to the  
37 credit:
- 38 (A) 80% in each of the first 5 taxable years after the  
39 calendar year when the property initially is entitled to  
40 the credit;
- 41 (B) 70% in the 6th taxable year;
- 42 (C) 60% in the 7th taxable year;
- 43 (D) 50% in the 8th taxable year;
- 44 (E) 40% in the 9th taxable year; and
- 45 (F) 30% in the 10th taxable year.
- 46 (2) For properties allowed an Enterprise Zone Tax Credit, the  
47 amount of the tax credit under this Section is 20% of the  
48 amount of property tax imposed on the eligible assessment  
49 of the property entitled to the credit for each of the 10

50 taxable years after the calendar year when the property  
51 initially is entitled to the credit. The credit under this  
52 Section is in addition to the Enterprise Zone Tax Credit.

53 *Approved:*

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Michael J. Knapp 26 JUN 08  
Michael J. Knapp, President, County Council Date

56 *Approved:*

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Isiah Leggett July 7, 2008  
Isiah Leggett, County Executive Date

58 *This is a correct copy of Council action.*

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Linda M. Lauer July 7, 2008  
Linda M. Lauer, Clerk of the Council Date