

Resolution No.: 15-1522  
Introduced: June 27, 2006  
Adopted: June 27, 2006

**COUNTY COUNCIL  
FOR MONTGOMERY COUNTY, MARYLAND**

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By: County Council

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**SUBJECT:** Approval of Executive Regulation 8-06, Home Computer Telecommuting Incentive Personal Property Business Tax Credit

**Background**

1. On October 25, 2005, the Council passed Bill 6-04, Personal Property Business Tax Credit—Home Computer Telecommuting Incentive, which became Chapter 27 of the Laws of Montgomery County 2005. The Executive submitted method (2) regulations to implement this law.
2. The Executive published Regulation 8-06, Home Computer Telecommuting Incentive Personal Property Business Tax Credit, in the County Register, and received no comments by the April 30, 2006 deadline.
3. On May 22, 2006, the County Council received Executive Regulation 8-06, Home Computer Telecommuting Incentive Personal Property Business Tax Credit, from the County Executive.
4. The Council reviewed the regulation under method (2) of § 2A-15 of the County Code. Under method (2), if the Council does not approve or disapprove a regulation within 60 days after the Council receives the regulation, the regulation automatically takes effect.
5. The Management and Fiscal Policy Committee reviewed Executive Regulation 8-06, Home Computer Telecommuting Incentive Personal Property Business Tax Credit, on June 19, 2006 and (2-0) recommended approval.

**Action**

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

Executive Regulation 8-06, Home Computer Telecommuting Incentive Personal Property Business Tax Credit, is approved.

This is a correct copy of Council action.

  
Linda M. Lauer, Clerk of the Council



# MONTGOMERY COUNTY EXECUTIVE REGULATION

Offices of the County Executive • 101 Monroe Street • Rockville, Maryland 20850

Subject	HOME COMPUTER TELECOMMUTING INCENTIVE PERSONAL PROPERTY BUSINESS TAX CREDIT	Number: 8-06
Originating Department	FINANCE	Effective Date: June 27, 2006

Montgomery County Regulation on:

HOME COMPUTER TELECOMMUTING INCENTIVE  
PERSONAL PROPERTY BUSINESS TAX CREDIT

DEPARTMENT OF FINANCE

Issued by: County Executive  
Regulation No. 8-06

Authority: Montgomery County Code Section 52-180  
Council Review: Method (2) under Code Section 2A-15  
Register Vol. 23, Issue 4

Effective Date: June 27, 2006

**SUMMARY:** The purpose of this regulation is to establish a procedure to determine and verify a tax credit against the personal property tax. The tax credit applies to employers that purchase a new computer or new laptop computer to establish a new off site employee workstation.

**ADDRESS:** Department of Finance  
Division of Treasury  
255 Rockville Pike, suite L-15  
Rockville, MD 20850

**STAFF CONTACT:** Michael J. Parent  
(240) 777-8931

**BACKGROUND INFORMATION:**

Section 52-180 of the Montgomery County Code creates a tax credit to promote telecommuting of employees by allowing employers a tax credit against their personal property tax liability for the cost of eligible computer purchases. Eligibility for the tax credit is limited to fifty (50) percent of the purchase price of a new home computer or laptop, and the aggregate tax credit for each employer may not exceed \$2,000 in any tax year.



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Originating Department	FINANCE	Effective Date:

## Section 1. Purpose

These regulations establish the procedure to determine and verify the tax credit against the Montgomery County personal property tax under Bill 6-04 and Section 52-18O of the Montgomery County Code.

## Section 2. Definitions

- A. "Telecommuting" means an employee who conducts regular business on behalf of the employer but whose physical location when exercising such duties is the employee's residence instead of the employer's place of business.
- B. "Tax credit" means a non-transferable credit against the Montgomery County personal property tax of the employer (Taxpayer).
- C. "Tax credit amount" means that the tax credit may not exceed fifty (50) percent of the cost of each new home computer or laptop, while the aggregate tax credit allowed for each taxpayer in any tax year may not exceed \$2,000.
- D. "Calendar year" means Tax Year and applies to the period July 1 - June 30.

## Section 3. Application

- The Taxpayer must submit an application on a form provided by the Department of Finance, Division of Treasury at the address listed on page 1 of this document,
- The Taxpayer must provide proof of purchase for the computer, and document the date of purchase and cost of the new computer,
- The Taxpayer must provide the name and address of the telecommuting employee for whom the computer was purchased,
- The Taxpayer must list the type of computer, name of the computer, series, and serial number,
- The Taxpayer must certify that the computer will be used exclusively for telecommuting purposes,
- The Taxpayer must certify that the telecommuting employee works no less than thirty (30) percent at home for any tax year. This represents at least 78 days for a full-time employee, and
- Failure to complete the application or provide supporting documentation will result in denial of the tax credit application.

## Section 4. Limitation

The tax credit may either reduce or eliminate the personal property tax of the Taxpayer. Therefore, any excess or "unused" tax credit in that tax year may not be applied to any other tax year.



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## Section 5. Eligibility Requirements

- The telecommuting employee works no less than 30 percent at home for the tax year,
- The computer must be purchased after December 31, 2005 to be eligible for the tax credit,
- The computer must be used for telecommuting,
- The Taxpayer must apply for the tax credit within twelve (12) months following the purchase of the new home computer or laptop, and
- The tax credit must be applied in either the tax year in which the purchase occurred or the next tax year.

## Section 6. Administration

The Montgomery County Department of Finance (Department) will administer this tax credit. The Department will allow for each tax credit in the order in which the application for the tax credit is received by the Department. After the funding limit is reached for that tax year, all credit applications are automatically denied and are deemed ineligible. A credit application amount that is in excess of the funding limit balance for that tax year will be denied eligibility in its entirety and does not result in a partial credit amount.

## Section 7. Funding Limit

The funding limit of the tax credit allowed in each tax year must not exceed:

- \$100,000 in tax year 2006
- \$175,000 in tax year 2007
- \$250,000 in tax year 2008, and
- starting in tax year 2009, the Council must set future year funding limits for this tax credit program. However, if no action is taken, the prior tax year funding limit is assumed. For example, if no action is taken for tax year 2009, the tax year 2008 funding limit applies.

## Section 8. Reapplication of Tax Credit

If a Taxpayer is denied a tax credit because the funding limit was reached for that tax year, the Taxpayer must re-apply for the credit with the Department if they want to receive a tax credit in the following tax year.



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## Section 9. Reporting

The County Executive or designee must submit an annual report to the County Council describing the cost of the program and number of telecommuting employees under this tax credit. The report will be made available no later than September 30<sup>th</sup> of each year.

Approved:

A handwritten signature in black ink, appearing to read "D. Duncan", written over a horizontal line.

Douglas M. Duncan  
County Executive

APPROVED AS TO FORM AND LEGALITY.  
CLERK OF COUNTY ATTORNEY  
BY DATE 3-22-06