

GARRETT COUNTY'S PROPERTY TAX CREDIT FOR NEW OR EXPANDING BUSINESSES

What is the property tax credit?

The Garrett County property tax credit is an incentive for businesses to locate or expand facilities anywhere in the County. For either a new or an expanding business, which meets the eligibility requirements, the amount of the property tax credit shall be equal to 50% of the increase in the County real estate tax levied on the improved property due on any expansion, renovation or capital improvement in the property over the first year, and for the subsequent four year-period, the credit decreases 10% annually (40%, 30%, 20%, 10%). After five years of property tax credits, the improved property shall return to the tax rolls at its then full-assessed value.

Example: A business with an assessment of \$250,000 (total initial assessment minus initial land assessment) modernizes and expands its facility. As a result of this investment, the assessment (total initial assessment minus initial land assessment) increases to \$750,000 – an increase of \$500,000. Fifty percent (50%) of this \$500,000 increase, amounting to \$250,000, will not be taxed for the first year. The County tax rate is currently \$1.00 per hundred dollars of assessed value. The business' tax savings for the first year is 1% times \$250,000 or \$2,500.

What types of business activities are eligible for the property tax credit?

All commercial and industrial businesses in the County are eligible for the property tax credit, provided the expansion, renovation or capital improvement in the property meet the minimum requirements of the County's property tax credit program.

How does a business meet the eligibility requirements?

The business must currently be doing or plan to do business in Garrett County and make a minimum of \$100,000 in real property capital improvements (as determined by the Maryland Department of Assessments and Taxation in accordance with its rules and regulations for the assessment of real property in the State of Maryland and in accordance with Resolution No. 2008-9 of The Board of County Commissioners of Garrett County, Maryland) **on or AFTER July 1, 2007**.

What if property values rise and my assessment increases?

The property tax credit is based on the initial assessment of the new construction or renovations of an existing property to be determined at the time the property is subject to assessment by the Maryland Department of Assessments and Taxation and results in the improved property's addition to the County's tax rolls. The valuation of the improved property is to be determined by the improved property's value at the time of its assessment and is not to be affected by any increase in general property values or assessments as determined by the Maryland Department of Assessments and Taxation.

If a business is eligible for enterprise zone property tax credits, is it also eligible, at the same time, for the County's property tax credit?

Yes. Any business located in one of the County's enterprise zones and eligible for enterprise zone property tax credits will be eligible, at the same time, for the County property tax credit, but only to the extent that the County property tax credit does not duplicate the enterprise zone property tax

credit. In no event shall the combined enterprise zone property tax credit and the County property tax credit exceed 100% of the real property tax levied and assessed on the expansion, renovation or capital improvement in the property.

Example: A business located in an enterprise zone receives an 80% property tax credit for the current tax year. The County's property tax credit for that same year cannot be greater than 20%.

Is a NEW business that purchases an existing facility instead of constructing a new facility eligible for the property tax credit?

No. The new business will be eligible for the County property tax credit **ONLY IF** improvements are made to the property and those improvements meet the minimum requirements of the County's property tax credit program.

If an EXISTING business is purchased by a new owner who will continue to operate the existing business out of the current facility instead of constructing a new facility, will the new owner be eligible for the property tax credit?

Yes, but only to the extent that any remaining County property tax credit will pass through to the new owner of the property.

Example: A business has received the County property tax credit for two years, at which time the business is sold to a new owner. The new owner is eligible to receive the final three years of tax credits.

Does this credit apply to the State property tax levy?

No. The State property tax is not eligible for the County property tax credit.

Does this credit apply to the municipal property tax levy?

No. Any municipal property tax is not eligible for the County property tax credit.

When does the property tax credit take effect?

The property tax credit shall apply to full tax years only, **beginning July 1, 2008**. A qualified business will be required to pay any partial year County tax bills that may be issued. The qualified business will then receive the County property tax credit as set forth above for a five-year period.

Who is the designed administrator for the property tax credit?

The Garrett County Department of Economic Development (the "Department") is the designated County agency responsible for the administration of the property tax credit.

The Department's designated contact for this purpose is:

Kim E. Durst
Economic Development Specialist
Garrett County Department of Economic Development
203 South Fourth Street, Room 208
Oakland, Maryland 21550
Telephone: (301) 334-1921
Facsimile : (301) 334-1985
E-mail : kdurst@garrettcounty.org

How does my business become certified for the property tax credit?

To qualify for the County property tax credit, a business must be certified by the Department as a qualified business entity eligible for the tax credit. The process includes the following steps:

- The business must notify the Department's designated contact as set forth above of its intent to seek certification for the property tax credit immediately upon completion of any expansion, renovation or capital improvement in the property.
- The business must complete and submit the application (to be provided by the Department) to the Department's designated contact as set forth above. If the business qualifies, the designated contact will issue a certificate of eligibility.

Is business information submitted to the Department confidential?

The Public Information Act protects confidential commercial and financial information. In the tax credit application, businesses consent to the release of their names before and after the County property tax credit.