



**ST. MARY'S COUNTY GOVERNMENT  
DEPARTMENT OF  
ECONOMIC DEVELOPMENT**

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**New and Expanding Business Tax Credit  
Information and Application**

**Description**

St. Mary's County offers an incentive to both businesses currently located in St. Mary's County and businesses new to St. Mary's County who create at least ten full-time jobs. The incentive is in the form of real and personal property tax credits that will be granted for up to ten years, depending upon the number of jobs created. In order to qualify for the incentive, firms must be in an industry that is targeted by the County for expansion.

The following industries are targeted:

- Defense (primarily commercial application of defense technology)
- Cyber Security
- Aerospace and Aviation
- Unmanned and Autonomous Systems (not included in Aerospace and Aviation)
- Agriculture
- Aquaculture
- Value-Added Agriculture Products
- Technology
- Manufacturing.

In addition to the above, the County will consider offering the incentive to:

- Retail, local service, and tourism-related businesses that will operate in a geographic location where the County is seeking investment.
- Businesses considering locating in the Lexington Park or Leonardtown development district, the Town of Leonardtown or a town center that will provide a service or product in an underserved location or fill a gap in service for residents living in the area.

**How the Tax Credit is Calculated**

The credit will provided for a number of years based on the number of jobs created:

<b>Number of Jobs Created</b>	<b>Number of Years Credit Will Be Provided</b>
10 – 15	5
16 – 25	8
26 or more	10

The property tax credit is based on two components: 1) a credit to firms that lease or own a building but will not invest in new capital equipment or buildings, and 2) a credit to firms that invest new capital in the form of a building or taxable equipment:

1. Property Tax Credit on Existing Structures

If a business in a targeted industry creates a minimum of ten new jobs and they are not constructing a new building or are not purchasing new taxable capital equipment, they are eligible for a tax credit that is calculated at one-third of the estimated County personal income tax collected from the new employees. The County income tax to be collected is calculated by taking the salaries and multiplying by 75% to get an estimate of Adjusted Gross Income and multiplying by the County Income Tax rate of 3%. This estimated property tax is multiplied by one-third parameter to determine the property tax credit.

This credit is available to firms that own or lease their building. If the firm leases space, the credit will be provided to the building owner and the County will enter into an agreement with the building owner to pass the savings on to the business leasing the property that is creating the new jobs.

2. Property Tax Credit on New Structures

If a business will have a new capital investment, an additional property tax credit will be provided for that investment equal to a 50% reduction on the County property taxes due for the new investment for the same number of years.

Additional Policy Provisions

1. The property tax credit applies to both personal and real property.
2. The newly created jobs must be new jobs to the County, not simply relocated from another St. Mary's County location.
3. Businesses have three years to reach the minimum of 10 new employees. The credit will only apply beginning in the year the firm reaches the 10 minimum jobs number. No retroactive credit will be provided.
4. Only capital investments that are taxable are eligible for a credit (manufacturers in St. Mary's County are not assessed personal property tax on their equipment or inventory).
5. Businesses that export services or products out of the County are targeted.

Process

1. Businesses interested in receiving an incentive shall set up a meeting with the County's Department of Economic Development (DED) to review the business plans and learn about the policy and procedures for granting incentives.
2. After that meeting, if the business is interested in pursuing the incentive and DED believes that the plans merit consideration, DED will request that an application be submitted. In order to be formally considered for an incentive, a firm must submit an application covering the topics listed in the application. DED will provide assistance in completing the application if desired.

3. DED will review the application. The decision to recommend granting an incentive is the responsibility of the Director of DED.
4. Incentive requests that are recommended for approval by the DED Director will be forwarded to the Commissioners of St. Mary's County for consideration.
5. If the Commissioners vote to grant the incentive, the applicant will be asked to sign a contract outlining the benefits and obligations.
6. DED will present the signed contract to the Commissioners for their approval.

Note: Incentives awarded to the business are subject to the prevailing laws and regulations of the United States and the State of Maryland. Neither the County nor any of its employees makes any representation as to incentives, their legality or the tax consequences thereof. The potential applicant is encouraged to seek its own legal and tax counsel in all regards.

**St. Mary's County**  
**- Application for Business Incentives -**

The Commissioners of St. Mary's County will consider offering tax credits and other incentives to support a private venture that results in job growth in St. Mary's County in targeted industries or locations or underserved markets throughout St. Mary's County. Submission of the *Application for Business Incentives* is a first formal step toward securing the County's consideration of an incentive.

**Completion of this application does not ensure that the applicant will receive a financial incentive. The award of an incentive is subject solely to the approval of the Commissioners of St. Mary's County.**

**Please submit a document that addresses each of the following topics:**

1. Project Description – include nature of the project, the location (address if available), whether the project is a new construction, a renovation, or an expansion of an existing building, and square footage of new construction or renovation.
2. Anticipated Capital Investment – include the anticipated cost of land, buildings, tenant improvements, and capital equipment.
3. Project Implementation Timeline
4. Company Information/Organization – include information on company history and size.
5. Employment – include list the number of new full time and part-time jobs to be created per year over the next three years, with job titles and salary information.
6. Economic Benefit to the County – describe how your project will positively impact the economy in St. Mary's County.
7. Incentive Need – explain why this incentive is needed and how this incentive helped your firm to decide to expand in St. Mary's County.

You may be asked for pro-forma financial statements.

**Please include the following language and signature lines in your application:**

*The undersigned accepts and understands that this application is not a guarantee of acceptance or a promise from the County to provide an incentive. No expectation has been raised nor any perceived by the applicant including time and process issues. If the Commissioners of St. Mary's County agree to offer an incentive, then a Developer's Rights and Responsibilities Agreement detailing the project, anticipated outcomes, timeline for completion and related terms and conditions or a similar instrument will be prepared and signed by both parties.*

Date of Submission: \_\_\_\_\_

Name of Business: \_\_\_\_\_

Signature of Business Representative: \_\_\_\_\_