

New and Expanding Business (NEXB) Tax Credit Information and Application



Description

St. Mary's County offers this incentive to businesses here that create at least ten full-time jobs locally. 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:

1. An industry that is targeted by the County for expansion, or
2. Located in the County or moving to the County and hiring at least 10 full-time jobs locally.

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)
- Manufacturing
- Agriculture
- Aquaculture
- Value-Added Agriculture Products

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 targeted investment area.
- Businesses that will provide a service or product in an underserved area or fill a service gap for residents living in the Lexington Park or Leonardtown Development District and/or the Town of Leonardtown or a town center.

How the Tax Credit is Calculated

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

Number of Jobs Created	Number of Years Credit Will Be Provided
10 - 15	5
16 - 25	8
26 or more	10

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The property tax credit is based on two components:

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 number of years as determined by the quantity of jobs created.

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.

The Process

1. In order to be formally considered for an incentive, a firm must submit an application covering the topics listed in the application. DED can provide assistance in completing the application. If interested please call us at (301) 475-4200 ext. 71400.
2. DED will review the application. The Director of DED will recommend applicants for approval.
3. Recommended incentive requests will be forwarded to the Commissioners of St. Mary's County for consideration.
4. If the Commissioners vote to grant the incentive, the applicant will be asked to sign a contract outlining the benefits and obligations.
5. DED will present the signed contract to the Commissioners for their approval.

Note: Awarded incentives 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.

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