

Subject: Finance - To Amend Chapter 267 of the Code of St. Mary's County, Maryland, to Grant a Tax Credit for Improvements to Commercial Real Property

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ORDINANCE

TO AMEND CHAPTER 267 OF THE CODE OF ST. MARY'S COUNTY, MARYLAND, TO GRANT A TAX CREDIT FOR IMPROVEMENTS TO COMMERCIAL REAL PROPERTY

WHEREAS, the Commissioners of St. Mary's County seek to stimulate and encourage investment in businesses and commercial real property in the County's town centers to support renovations, rehabilitation, and upgrades of commercial real property; and

WHEREAS, pursuant to House Bill 414 of the 2020 Session of the General Assembly of Maryland, codified at § 9-320(e) of the Tax-Property Article of the Annotated Code of Maryland, the Commissioners of St. Mary's County may grant, by law, a property tax credit against commercial real property that is located in eligible areas of the county that has had eligible improvements made on the property on or after July 1, 2020; and

WHEREAS, a notice of a public hearing was advertised on _____, 2021, and _____, 2021, in *The Enterprise*, a newspaper of general circulation in St. Mary's County, and a public hearing was held on _____, 2021, to receive public comment and consider the amendment of Chapter 267 of the Code of St. Mary's County, Maryland, to grant a property tax credit against the county property tax imposed on any commercial real property located in eligible areas of the county and that has had eligible improvements made to the property on or after July 1, 2021; and

WHEREAS, the Commissioners of St. Mary's County find that it is in the best interest of the health, safety and welfare of the citizens of St. Mary's County to amend Chapter 267 of the Code of St. Mary's County, Maryland, to grant a Tax Credit for Improvements to Commercial Real Property; and

NOW, THEREFORE, BE IT ORDAINED by the Commissioners of St. Mary's County, pursuant to Chapter XX of the 2020 Session of the General Assembly of Maryland and § 9-320(e) of the Tax-Property Article of the Annotated Code of Maryland, that:

SECTION I. Article XXIX of Section 267 of the Code of St. Mary's County, Maryland, is repealed and re-enacted to read as follows:

Article XXIX. PROPERTY TAX CREDIT FOR IMPROVEMENTS TO COMMERCIAL REAL PROPERTY

Sec. 267-74. Definitions.

A. "Eligible Areas" means non-residential properties located in:

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1. Lexington Park Development District defined areas:
 - a. Downtown Focus Area:
 - i. Downtown gateway
 - ii. Central Business District
 - b. Great Mills Corridor
 - i. East Run
 - ii. Stewarts Grant
 - c. FDR Boulevard Corridor
 - i. Laurel Glen
 - ii. Hickory Hills
 - iii. Patuxent Center
 - d. Jarboesville Focus Area
 - i. Chancellor's Run Road at Horsehead Road Neighborhood Center
 - ii. Future High-intensity Mixed-use Neighborhood
 - iii. Gate 1 Employment Center
2. Town of Leonardtown's "Downtown Area"
3. Charlotte Hall Town Center
- B. "Eligible improvements" include:
 1. Exterior improvements to a building façade;
 2. Exterior painting and cleaning;
 3. Structural improvements to a building façade;
 4. Structure mounted signage, canopies, shutters and awnings;
 5. Screening of utility, trash or storage enclosures;
 6. Enhanced exterior building lighting;
 7. Replacement or enhancement of streetscape amenities (walkways, landscaping, bike racks, lighting, etc.);
 8. Sidewalks; and
 9. New construction that enhances the building or property.
- C. "Eligible property" means commercial real property that is eligible for a County property tax credit under Section 267-??.
- D. "Incentive period" means the number of years following the date of the next routine assessment that an owner of eligible property will not be subject to increases in the County property tax rate, assessed valuation of the eligible property, or both.
- E. "Property Tax Held Constant" means that if the tax rate, assessed valuation, or a combination of the two increase during the incentive period, the property owner will not be subject to those increases. In the year following the incentive period, the property owner will pay property taxes based on the current rate and assessed value.

Sec. 267-75. Eligibility.

- A. An owner of commercial real property is eligible for a County property tax credit as provided herein.

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- B. County property tax shall be held constant for commercial real property that:
 - 1. Is located in an eligible area of the county;
 - 2. Has eligible improvements costing 10% of the assessed valuation or more; and
 - 3. Has had at least \$25,000 of eligible improvements that are:
 - a. made on the property on or after July 1, 2021;
 - b. made within a twelve-month period; and
 - c. made as a single, non-incremental investment in the property.
- C. Property owners who make eligible investments will have their County property tax bill held constant for the number of years shown in Table 1.
- D. All improvements and enhancements must be in accordance with the Lexington Park Development District Master Plan and County Comprehensive Zoning Ordinance.
- E. The credit under this Section shall be allowed in the first County fiscal year in which the improvements are made and shall be allowed each year thereafter but not to exceed ten (10) years.
- F. The value of the credit authorized under this Section may not exceed 25% of the County property tax assessed on the property. See Table 1 for more information:

Table 1

Investment as a Percentage of Assessed Valuation	Number of Years Property Tax Held Constant (following the date of the next routine assessment)
10% to 15%	7 Years
More than 15%	10 Years

- G. In the year following the incentive period, the property owner will pay property taxes based on the current rate and assessed value.

Sec. 267-76. Administration.

- A. On or before April 1 of each year a person or entity (the "Applicant") seeking a credit pursuant to Section 267-?? shall file an application for certification with the Director of the St. Mary's County Department of Economic Development ("Director").
- B. The application shall provide all information required by the Director to establish the eligibility of the Applicant.
- C. The Director shall present the application to the Commissioners of St. Mary's County, who may approve, disapprove, or table the application.
- D. On or before May 1 of each year, the Director shall certify to the St. Mary's County Treasurer the identity of persons and entities eligible for a credit pursuant to Section 267-?? and the amounts of such credits.
- E. The Director may adopt rules and regulations for the administration of this Article.

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SECTION II. This Ordinance shall be effective upon the date written below.

Those voting Aye: _____
Those voting Nay: _____
Those Abstaining: _____
Date of Adoption: _____
Effective Date: _____

ATTEST:

COMMISSIONERS OF ST. MARY'S COUNTY

Rebecca B. Bridgett
County Administrator

James R. Guy, Commissioner President

Eric Colvin, Commissioner

Approved as to form and legal sufficiency:

Michael L. Hewitt, Commissioner

David A. Weiskopf
County Attorney

Todd B. Morgan, Commissioner

John E. O'Connor, Commissioner