

Introduced _____
Public Hearing _____
Council Action _____
Executive Action _____
Effective Date _____

County Council of Howard County, Maryland

2017 Legislative Session

Legislative Day No. 12

Bill No. 69-2017

Introduced by: The Chairperson at the request of the County Executive, Calvin Ball, Greg Fox, Jennifer Terrasa, and Jon Weinstein

AN ACT expanding a tax credit against the County property tax imposed on certain real property that has suffered damage from a specified natural disaster under certain circumstances; establishing the amount, terms, conditions, and duration of the credit; providing for an application procedure and administration of the credit; providing for a certain contingency; and generally relating to property tax credits.

Not Introduced and read first time _____, 2017. Ordered posted and hearing scheduled.

By order Jessica Feldmark
Jessica Feldmark, Administrator

Having been posted and notice of time & place of hearing & title of Bill having been published according to Charter, the Bill was read for a second time at a public hearing on _____, 2017.

By order _____
Jessica Feldmark, Administrator

This Bill was read the third time on _____, 2017 and Passed _____, Passed with amendments _____, Failed _____.

By order _____
Jessica Feldmark, Administrator

Sealed with the County Seal and presented to the County Executive for approval this _____ day of _____, 2017 at _____ a.m./p.m.

By order _____
Jessica Feldmark, Administrator

Approved by the County Executive _____, 2017

Allan H. Kittleman, County Executive

NOTE: [[text in brackets]] indicates deletions from existing law; TEXT IN SMALL CAPITALS indicates additions to existing law; ~~Strike-out~~ indicates material deleted by amendment; Underlining indicates material added by amendment.

1 **WHEREAS**, by enacting Chapters 137 and 745, Acts of 2017, the General Assembly authorized
2 the County to grant a credit against the County property tax for commercial real property
3 that has suffered damage caused by flood conditions and for residential real property that
4 has suffered damage as a result of a natural disaster.

5 **NOW, THEREFORE,**

6 *Section 1. Be It Enacted by the County Council of Howard County, Maryland, that the Howard*
7 *County Code is amended as follows:*

8 *By amending:*

9 *Title 20. Taxes, charges and fees.*

10 *Subtitle 1. Real property tax; administration, credits, and enforcement.*

11 *Part II. Statewide tax credits.*

12 *Section 20.119B. [[Ellicott City Strong Tax Credit.]] NATURAL*
13 *DISASTERS.*

14

15 **Title 20. Taxes, charges and fees.**

16 **Subtitle 1. Real property tax; administration, credits, and enforcement.**

17 **Part II. Statewide tax credits.**

18

19 **Section 20.119B. [[Ellicott City Strong Tax Credit]] NATURAL DISASTERS.**

20 (a) *Credit established.*

21 In accordance with §§ 9-211 AND 9-315 of the Tax-Property Article of the Annotated
22 Code of Maryland and this section, there is a Howard County property tax credit against the
23 County real property tax on:

24 (1) *[[residential property that qualifies under this section as]] residential property*
25 *damaged by [[flood conditions]] A NATURAL DISASTER; OR*

26 (2) *COMMERCIAL REAL PROPERTY THAT HAS SUFFERED FLOOD DAMAGE OR SEWER*
27 *DAMAGE CAUSED BY FLOOD CONDITIONS.*

28 (B) *NATURAL DISASTER OR FLOOD DESIGNATION.*

29 *DAMAGE FROM A NATURAL DISASTER OR FLOOD QUALIFIES FOR A TAX CREDIT*
30 *UNDER THIS SECTION IF THE DISASTER OR FLOOD HAS BEEN SO DESIGNATED BY:*

31 (1) *EXECUTIVE ORDER; OR*

32 (2) *A RESOLUTION ADOPTED BY THE COUNTY COUNCIL.*

1 [[b]] (c) *Eligibility.*

2 The owner of a [[residential]] property may qualify for a tax credit under this section if
3 the property IS:

4 (1) RESIDENTIAL REAL PROPERTY THAT HAS suffered [[flood]] damage [[or sewage
5 damage]] caused by [[flood conditions on July 30 or 31, 2016]] A NATURAL DISASTER; OR

6 (2) COMMERCIAL REAL PROPERTY THAT HAS SUFFERED FLOOD DAMAGE OR SEWER
7 DAMAGE CAUSED BY FLOOD CONDITIONS.

8 [[c]] (D) *Amount and duration of Credit.*

9 (1) Subject to the conditions in this section, the tax credit may be granted in an amount of
10 up to 100 percent of the cost to repair, rehabilitate, or restore the property THAT WERE PAID BY
11 THE APPLICANT AND WERE NOT, AND WILL NOT BE, REIMBURSED BY ANY ENTITY.

12 [[2) In tax years 2017 and 2018, the Department of Finance shall grant to a qualified
13 applicant the credit authorized by this section.]]

14 (2) A QUALIFIED APPLICANT MAY RECEIVE THE CREDIT AUTHORIZED BY THIS
15 SECTION FOR ANY TAX YEAR THAT BEGINS ON OR AFTER JULY 1, 2017.

16 (3) Subject to paragraph (2) of this subsection, if the credit exceeds the County property
17 tax in the year of application, the Department of Finance shall apply the excess to future tax years
18 for up to a total of four years.

19 [[d]] (E) *Application.*

20 (1) To receive the credit, a property owner shall submit an application to the Department
21 of Finance:

22 (i) In the format that the Department of Finance requires;

23 (ii) That includes the documentation that the Department of Finance requires; and

24 (iii) [[During 2017, on]] ON or before the date that the Department of Finance
25 sets.

26 (2) Only one application for a credit under this section may be accepted for each property
27 during a single tax year.

28 (3) AN APPLICATION MUST BE SUBMITTED NOT LATER THAN 2 YEARS AFTER THE
29 DAMAGE WAS SUFFERED.

30 [[e]] (F) *Annual Limit.*

31 (1) During a fiscal year, the total of all tax credits paid to applicants under this
32 section shall not exceed \$250,000.00.

- 1 (2) In a year when the qualified applications, if paid to the full amount possible for
2 that year based on the annual County property tax bill of each qualified applicant,
3 would exceed the limit set in paragraph (1) of this subsection, the Department of
4 Finance shall pay each qualified applicant proportionately based on the
5 applicant's remaining eligible expenses.
- 6 (3) If a credit exceeds the County property tax in the year of application, the
7 Department of Finance shall apply the excess to future tax years for up to a total
8 of four years.

9 ~~[(f)]~~ (G) *Publicity.*

10 The Department of Finance shall publicize the credit authorized by this section in a way
11 designed to inform those most likely to benefit from the credit.

12 ~~[(g)]~~ (H) *Report.* ~~[[The Department of Finance shall provide a preliminary analysis to the~~
13 ~~County Council on or before June 30, 2017, on usage of the Ellicott City Strong Tax Credit that~~
14 ~~includes, but is not limited to, information about the number of applicants, the dollar amount of~~
15 ~~credits allowed, and the projected timeline to pay remaining credits.]] The Department of Finance~~
16 ~~shall provide an updated analysis to the County Council on or before January 15, 2018, AND~~
17 ~~EACH JANUARY 15 THEREAFTER, on usage of the [[Ellicott City Strong Tax Credit]] CREDITS~~
18 ~~UNDER THIS SECTION that includes, but is not limited to, information about the number of~~
19 ~~applicants, the dollar amount of credits allowed, and the projected timeline to pay remaining~~
20 ~~credits.~~

21 ~~[(h)]~~ *Short Title.* The tax credit established under this section may be cited as "Ellicott City
22 Strong Tax Credit".]]

23

24 ***Section 2. And Be It Further Enacted by the County Council of Howard County, Maryland, that***
25 ***Section 1 of this Act shall become effective 61 days after its enactment.***

26

27 ***Section 3. Be It Enacted by the County Council of Howard County, Maryland, that the Howard***
28 ***County Code is amended as follows:***

29 *By amending:*

30 *Title 20. Taxes, charges and fees.*

31 *Subtitle 1. Real property tax; administration, credits, and enforcement.*

32 *Part II. Statewide tax credits.*

1 Section 20.119B. *[[Ellicott City Strong Tax Credit.]] NATURAL*

2 *DISASTERS.*

3
4 **Title 20. Taxes, charges and fees.**

5 **Subtitle 1. Real property tax; administration, credits, and enforcement.**

6 **Part II. Statewide tax credits.**

7 **Section 20.119B. *[[Ellicott City Strong Tax Credit]] NATURAL DISASTERS.***

8 (a) *Credit established.*

9 In accordance with §§ 9-211, 9-315, AND ANY OTHER APPROPRIATE SECTION of the
10 Tax-Property Article of the Annotated Code of Maryland and this section, there is a Howard
11 County property tax credit against the County real property tax on:

12 (1) *[[residential property that qualifies under this section as]] residential property*
13 *damaged by [[flood conditions]] A NATURAL DISASTER; OR*

14 (2) *COMMERCIAL REAL PROPERTY DAMAGED BY A NATURAL DISASTER.*

15 (B) *NATURAL DISASTER DESIGNATION.*

16 DAMAGE FROM A NATURAL DISASTER QUALIFIES FOR A TAX CREDIT UNDER THIS
17 SECTION IF THE DISASTER HAS BEEN SO DESIGNATED BY:

18 (1) *EXECUTIVE ORDER; OR*

19 (2) *A RESOLUTION ADOPTED BY THE COUNTY COUNCIL.*

20 *[[b]] (C) Eligibility.*

21 The owner of a *[[residential]]* property may qualify for a tax credit under this section if
22 the property IS:

23 (1) *RESIDENTIAL REAL PROPERTY THAT HAS suffered [[flood]] damage [[or sewage*
24 *damage]] caused by [[flood conditions on July 30 or 31, 2016]] A NATURAL DISASTER; OR*

25 (2) *COMMERCIAL REAL PROPERTY THAT HAS SUFFERED DAMAGE CAUSED BY A*
26 *NATURAL DISASTER.*

27 *[[c]] (D) Amount and duration of Credit.*

28 (1) Subject to the conditions in this section, the tax credit may be granted in an amount of
29 up to 100 percent of the cost to repair, rehabilitate, or restore the property THAT WERE PAID BY
30 THE APPLICANT AND WERE NOT, AND WILL NOT BE, REIMBURSED BY ANY ENTITY.

31 *[[2) In tax years 2017 and 2018, the Department of Finance shall grant to a qualified*
32 *applicant the credit authorized by this section.]]*

1 (2) A QUALIFIED APPLICANT MAY RECEIVE THE CREDIT AUTHORIZED BY THIS
2 SECTION FOR ANY TAX YEAR THAT BEGINS ON OR AFTER JULY 1, 2017.

3 (3) Subject to paragraph (2) of this subsection, if the credit exceeds the County property
4 tax in the year of application, the Department of Finance shall apply the excess to future tax years
5 for up to a total of four years.

6 ~~[(d)]~~ (E) *Application.*

7 (1) To receive the credit, a property owner shall submit an application to the Department
8 of Finance:

9 (i) In the format that the Department of Finance requires;

10 (ii) That includes the documentation that the Department of Finance requires; and

11 (iii) ~~[[During 2017, on]]~~ ON or before the date that the Department of Finance
12 sets.

13 (2) Only one application for a credit under this section may be accepted for each property
14 during a single tax year.

15 (3) AN APPLICATION MUST BE SUBMITTED NOT LATER THAN 2 YEARS AFTER THE
16 DAMAGE WAS SUFFERED.

17 ~~[(e)]~~ (F) *Annual Limit.*

18 (1) During a fiscal year, the total of all tax credits paid to applicants under this
19 section shall not exceed \$250,000.00.

20 (2) In a year when the qualified applications, if paid to the full amount possible for
21 that year based on the annual County property tax bill of each qualified applicant,
22 would exceed the limit set in paragraph (1) of this subsection, the Department of
23 Finance shall pay each qualified applicant proportionately based on the
24 applicant's remaining eligible expenses.

25 (3) If a credit exceeds the County property tax in the year of application, the
26 Department of Finance shall apply the excess to future tax years for up to a total
27 of four years.

28 ~~[(f)]~~ (G) *Publicity.*

29 The Department of Finance shall publicize the credit authorized by this section in a way
30 designed to inform those most likely to benefit from the credit.

31 ~~[(g)]~~ (H) *Report.* ~~[[The Department of Finance shall provide a preliminary analysis to the~~
32 County Council on or before June 30, 2017, on usage of the Ellicott City Strong Tax Credit that
33 includes, but is not limited to, information about the number of applicants, the dollar amount of

1 credits allowed, and the projected timeline to pay remaining credits.]] The Department of Finance
2 shall provide an updated analysis to the County Council on or before January 15, 2018, AND
3 EACH JANUARY 15 THEREAFTER, on usage of the [[Ellicott City Strong Tax Credit]] CREDITS
4 UNDER THIS SECTION that includes, but is not limited to, information about the number of
5 applicants, the dollar amount of credits allowed, and the projected timeline to pay remaining
6 credits.

7 [[(h) *Short Title.* The tax credit established under this section may be cited as "Ellicott City
8 Strong Tax Credit".]]

9
10 ***Section 4. And Be It Further Enacted by the County Council of Howard County, Maryland, that***
11 *Section 3 of this Act shall become effective contingent on the taking effect of appropriate enabling*
12 *authority granted by the General Assembly of Maryland.*

13



Internal Memorandum

Subject: Testimony on **CB 69-2017**

Date: August 29, 2017

To: Lonnie R. Robbins
Chief Administrative Officer

From: Philip Nichols III, *CPND*
Assistant Chief Administrative Officer

Summary:

The Administration has filed legislation to amend the EC Strong property tax credit to expand the scope of the damage eligible for the residential tax credit to include all natural disasters, as well as include commercial real properties that have suffered flood or sewer damage caused by flood conditions. These changes are in keeping with the Administration's position to support the recovery efforts of residents and businesses that have suffered damage to their property as a result of a natural disaster, including flooding.

The current EC Strong property tax credit only applies to residential properties that have suffered damage as a result of flood conditions. During the 2017 Maryland General Assembly, legislation (SB 261 and HB 572) was codified to allow Howard County to expand the property tax credit to include damage on a residential property for all natural disasters, as well as to include damage to a commercial real property due to flood conditions. Should the Maryland General Assembly determine that a property tax credit could be provided to commercial real properties that suffer damage due to any natural disaster, this legislation allows for the current tax credit to be expanded to include that definition without additional local legislation.

The legislation defines a natural disaster as one that has been designated by either Executive Order or by a resolution adopted by the County Council. This legislation will allow an applicant to receive the credit for any tax year on or after July 1, 2017. An applicant must apply for the tax credit within 2 years after the damage was suffered.

The Administration has filed this legislation jointly with Councilmembers Weinstein, Ball, Fox, and Terrasa.

Fiscal Impact:

The maximum associated fiscal impact for this legislation in any fiscal year will be \$250,000. The true impact to the County will be based on the number of applicants for the tax credit.