

Washington County, Maryland

JOB CREATION AND CAPITAL INVESTMENT REAL PROPERTY TAX CREDITS PROGRAM

May 2017



Washington County Department of Business Development
100 West Washington Street, Suite 1401
Hagerstown, MD 21740-4710
240-313-2280 – Phone
240-313-2281 – Fax
edcinfo@hagerstowncdc.org
www.hagerstowncdc.org

What is the “*Job Creation and Capital Investment Real Property Tax Credits Program*”?

The *Job Creation and Capital Investment Real Property Tax Credits Program* were enacted by the Washington County Board of County Commissioners to help attract companies to the local business community who offer well-paying jobs. It is also available to new or established businesses within the County that are expanding.

The *Job Creation and Capital Investment Real Property Tax Credits Program* provides up to a fifteen (15) year tax credit for businesses that either expand or locate in Washington County. The credit applies to Washington County’s real property tax that is imposed on real property owned or leased by the business, if the business qualifies under the program’s guidelines.

The amounts of the property tax credit a business may claim against County taxes imposed on the increased assessed value of the newly constructed or expanded premises are:

TIER ONE	TIER TWO	TIER THREE
1 st and 2 nd taxable years – 52%	1 st and 2 nd taxable years – 30%	1 st thru 5th taxable years –100%
3 rd and 4 th taxable years – 39%	3 rd and 4 th taxable years – 20%	6 th thru 10th taxable years -75%
5 th and 6 th taxable years – 26%	5 th and 6 th taxable years – 10%	11 th thru 15 th taxable years –50%

After the sixth taxable year, TIER ONE and TIER TWO business entities are no longer eligible for a *Job Creation and Capital Investment Real Property Tax Credits Program* under the current certification. The company must reapply for the credit and meet all requirements anew.

After the fifteenth taxable year, TIER Three business entities are no longer eligible for a *Job Creation and Capital Investment Real Property Tax Credits Program* under the current certification. The company must reapply for the credit and meet all requirements anew.

A lessor of real property must reduce the amount of taxes for which an eligible business entity is contractually liable under a lease or rental agreement by the amount of the *Job Creation and Capital Investment Real Property Tax Credit* for which the business entity qualifies.

Job Creation and Capital Investment Real Property Tax Credits

The following standards and requirements have been developed by the Washington County Department of Business Development (WCDBD). All business entities wishing to receive the *Job Creation and Capital Investment Real Property Tax Credit* must comply with these requirements.

To Qualify For The Program, A Business Must:

Before a Business Entity, whether existing or newly located in the County, obtains the New or Expanded Premises or hires employees to fill the New Permanent Full-Time Position(s) at the New or Expanded Premises, the Business Entity must provide written notification to the Board of County Commissioners of Washington County, through the WCDBD, providing the following :

- (1) A letter stating Business Entity's intent to claim the Tax Credit; and
- (2) Completed application and Employment Report and Certification.

To qualify for the Tax Credit under TIER ONE, an **existing Business Entity**

- (1) must obtain at least an additional 1,500 sq. ft. of New or Expanded Premises by purchasing newly constructed premises, constructing new premises, causing new premises to be constructed, or leasing previously unoccupied premises; and;
- (2) must employ at least 1 individual in a New Permanent Full-Time Position paying at least 150% of the prevailing Federal Minimum Wage during a 12-month period during which the Business Entity also must obtain and occupy the New or Expanded Premises. The Tax Credit to the existing Business Entity shall equal a percentage of the amount of real property tax imposed on the Assessment of the New or Expanded Premises as follows: (i) 52% during the first and second taxable years; (ii) 39% during the third and fourth taxable years; and (iii) 26% during the fifth and sixth taxable years.
- (3) be a New or Expanded Premises that is a:
 - a. Retail facility less than 3,000 sq. ft in area;
 - b. Restaurant less than 2,500 soft in area;
 - c. Warehouse facility less than 30.000 soft in area, or
 - d. Distribution facility less than 30,000 soft in area, and
- (4) the property must be located within a Priority Funding Area; and
- (5) business entities locating or expanding within an Enterprise Zone are not eligible to participate in this program.

To qualify for the Tax Credit under TIER TWO, a **new Business Entity locating into the County must:**

- (1) must obtain at least 2,500 sq. ft. of New or Expanded Premises by purchasing newly constructed premises, constructing new premises, causing new premises to be constructed, or leasing previously unoccupied premises; and;

(2) must employ at least 5 individuals in New Permanent Full-Time Positions paying at least 150% of the prevailing Federal Minimum Wage during a 24-month period during which the Business Entity also must obtain and occupy the New or Expanded Premises. The Tax Credit to the new Business Entity shall equal a percentage of the amount of real property tax imposed on the Assessment of the New or Expanded Premises as follows: (i) 30% during the first and second taxable years; (ii) 20% during the third and fourth taxable years; (iii) and 10% during the fifth and sixth taxable years.

- (3) be a New or Expanded Premises that is a:
- a. Retail facility less than 3,000 sq. ft in area;
 - b. Restaurant less than 2,500 soft in area;
 - c. Warehouse facility less than 30.000 soft in area, or
 - d. Distribution facility less than 30,000 soft in area, and

(4) the property must be located within a Priority Funding Area; and

(5) business entities locating or expanding within an Enterprise Zone are not eligible to participate in this program.

To qualify for the Tax Credit under TIER THREE, **an existing Business Entity in the County or a new Business Entity locating in the County must:**

(1) must invest at least \$10,000,000 in capital improvements to New or Expanded Premises in the County by purchasing newly constructed premises, constructing new premises, causing new premises to be constructed, or leasing previously unoccupied premises; and;(2) must, as a result of the capital improvements, create 100 New Permanent Full-Time Positions. The Tax Credit to the new or existing Business Entity shall equal a percentage of the amount of real property tax imposed on the Assessment of the New or Expanded Premises as follows: (i) 100% for each of the first 5 taxable years; (ii) 75% in taxable years 6 through 10; (iii) 50% in taxable years 11 through 15; and (iv) 0% in taxable year 16 and each taxable year thereafter. In order to receive a Tax Credit as allowed under the Ordinance, the Business Entity, whether existing or newly located in the County, must continue to occupy the New or Expanded Premises and must maintain, as filled, the New Permanent Full-Time Position(s) for the requisite time periods, as applicable and as defined.

(a) The lessor of real property on which the Tax Credit has been granted shall reduce the amount of taxes for which a lessee Business Entity is contractually liable under the lease agreement by the amount of any Tax Credit granted pursuant to this Ordinance for improvements to the real property made by the lessee Business Entity.

(b) For Tax Credits granted under TIER ONE and TIER TWO and TIER THREE of this program, after the sixth and sixteenth taxable years, respectively, a Business Entity shall no longer be eligible for the Tax Credit under this Ordinance pursuant to the WCDBD certification granted for the previous years. The Treasurer shall not allow further Tax Credit(s) after said taxable years, unless the Business Entity meets anew all qualification requirements under this Ordinance, applies to the WCDBD for recertification, and is approved by the WCDBD to receive a new Tax Credit for tax years subsequent to the sixth and sixteenth taxable year, as applicable.

(c) If, at any time during which a Business Entity claims the Tax Credit under this Ordinance, the Business Entity fails to satisfy any applicable qualification requirement, the Business Entity's eligibility for the Tax Credit under this Ordinance will be extinguished. The Treasurer shall not allow further Tax Credit under the certification. A tax credit, once extinguished, cannot be revived or reinstated.

How to Apply for the *Job Creation and Capital Investment Real Property Tax Credits Program*

In order to become certified as a *Job Creation and Capital Investment Real Property Tax Credits Program* eligible company, a business entity must:

1. Provide written notification to the Washington County Board of County Commissioners through the office of the Department of Business Development, and

(2) Complete and submit a *Job Creation and Capital Investment Real Property Tax Credits Program Application* to the Washington County Department of Business Development (WCDBD) before project construction is complete.

The WCDBD will verify a company's eligibility for the *Job Creation and Capital Investment Real Property Tax Credits Program*. After certification, it is the company's responsibility to notify the Department of Business Development when project construction is complete or newly leased space is acquired. . The company must also supply the Department of Business Development with a signed copy of its lease or similar document that will verify the square footage of the company's expansion or new operations in Washington County.

Once project construction is complete, the certified company has 12 to 24-months to create the required number of new full time permanent positions (a work week of at least 35 hours is required). The new positions must pay at least 150% of the prevailing Federal minimum wage.

The Department of Business Development will require the certified company to submit, on an annual basis, employment information. This information will include employee name; social security number; address; position title; date employment began; and, annual pay. This information will be due to the Department of Business Development on or before February 1st. This report is required for the three taxable years after any year when the tax credit was earned. **The information provided by the company will be used to satisfy that the certified company is meeting all *Job Creation and Capital Investment Real Property Tax Credits Program* requirements.**

Recapture of Job Creation and Capital Investment Real Property Tax Credits Program

For each year that a Business Entity receives the Tax Credit under this Ordinance, the Business Entity shall be required to continue to satisfy all applicable requirements under this Ordinance. If, at any time during the Tax Credit period, a Business Entity does not satisfy all applicable requirements under this Ordinance, then the Business Entity shall not receive the Tax Credit for the taxable year during which the failure occurs. The Tax Credit shall be due and owing to the County upon notice from the Treasurer to the Business Entity that the Tax Credit must be repaid.

Interest shall accrue on any repayable Tax Credit at the rate established for overdue property taxes beginning thirty (30) days after the notice from the Treasurer. Any un-repaid Tax Credit is a lien on real and personal property owned by the Business Entity in the same manner as unpaid real property taxes under State and County law.

Sample Notification Letter
(Letter must be on Company Letterhead)

Date

Board of County Commissioners
c/o Washington County Department of Business Development
100 West Washington Street, Suite 1401
Hagerstown, MD 21740-4710
ATTN: Tax Credit Programs Administrator

Commissioners,

This is to notify you of COMPANY's intent to receive the *Job Creation and Capital Investment Real Property Tax Credit*. COMPANY will construct or lease (*select one*) ### square feet of new space located at ADDRESS.

In order to meet the criteria for the *Job Creation and Capital Investment Real Property Tax Credits*, it is COMPANY's intention to hire ____ new permanent full-time employees by _____, 20__ . COMPANY will submit a complete list of full-time employees located at the project site along with their annual salaries and hire dates to the Department of Business Development within ____ months of occupying of the new premises. COMPANY understands that failure to submit this information will result in the Department of Business Development initiating "claw-back" procedures to recover any tax credits that have been awarded under this program.

Sincerely,

COMPANY CONTACT
COMPANY

Enclosure

APPLICATION: Job Creation and Capital Investment Real Property Tax Credits
For Application Processing Purposes, You Must Complete ALL Questions Below

NAME OF BUSINESS: _____

Federal Employer Identification Number: _____

North American Industry Classification System (NAICS) code: _____

Contact Person: _____

Mailing Address (for correspondence purposes): _____

Telephone Number: _____ Email: _____

PROPERTY INFORMATION

Address of Property: _____

Name of Property Owner: _____

Address of Property Owner (if different than above): _____

Who is responsible for payment of real property taxes under the lease if the new or expanded property is a leased?

Lessor _____ Lessee _____

Property Tax District Number (two digits): _____ Property Tax Account Number (six digits): _____

PROJECT INFORMATION

Please describe the nature of the new or expanded premises in detail (for example, expansion of 30,000 square feet at 1234 Main Street, City, or new 30,000 square foot building at 1234 Main Street, City)

Project Start Date: _____ Expected Completion Date: _____

EMPLOYEE INFORMATION

Number of Full-time Positions in Washington County prior to new project (if any): _____

Number of New Full-time Positions in Washington County resulting from the new project: _____

Anticipated Occupation Date for New Full Time Employees at New Facility: _____

OTHER

Has the business or another taxpayer been given a tax credit or exemption for the new or expanded premises during the same taxable year under any other state or county law? Yes ___ No ___

If yes, provide the name of the tax credit program. _____

I hereby certify that I am authorized to act on behalf of the above applicant and solemnly affirm under the penalties of perjury that the above information is true and correct. I understand the applicant must submit documentation reasonably necessary to verify the above information including, but not limited to, payroll records and employee time sheets and such other documentation necessary to verify the above information for the taxable year for which the credit is sought and for the three taxable years following the last year in which a tax credit was granted. I further understand that submission of a false or fraudulent application or the withholding of information to obtain a tax credit is a violation, and further subjects the applicant to repayment of all taxes with interest and penalties, and expenses in the event a civil action for collection is filed.

Authorized Company Representative (print name)

Title (please print)

Signature of Authorized Company Representative

Date

If Property is Leased:

Authorized Owner's Representative (Print Name)

Signature of Authorized Property Owner

Date

Please submit application to: Washington County Department of Business Development
100 West Washington Street, Suite 1401, Hagerstown, MD 21740-4710

EMPLOYMENT REPORT AND CERTIFICATION

I, _____,
of _____, hereby certify to the Board of County Commissioners of Washington
County, Maryland, that:

1. Attached hereto is a true and correct Employment Report that contains information as of
2. Each Permanent, Full-time Employee meets the definition of a "Permanent, Full-time Position" set forth in the Washington County, Maryland Job Creation and Capital Investment Real Property Tax Credits Ordinance.

IN WITNESS WHEREOF, the undersigned officer of the Borrower has executed this
Certification this ____ day of _____, 20__.

Company: _____

By: _____

Name: _____

Title: _____

Date: _____

