

COUNTY COUNCIL OF
 ANNE
ARUNDEL
COUNTY
M A R Y L A N D

LEGISLATIVE SUMMARY*

To: All Councilmembers of the Anne Arundel County Council
From: Linda M. Schuett, Legislative Counsel
Date: September 7, 2021
Subject: Bill No. 76-21

Senate Bill 887, adopted in 2021, authorizes local governments to grant a property tax credit against the tax owed on real or personal property owned or leased by a business entity affected by a state of emergency declared under Title 14 of the Public Safety Article of the State Code. Bill No. 76-21 implements the tax credit against real property taxes by establishing the credit. *See* subsection (b). It does not include a tax credit against personal property taxes.

For purposes of this section, a "business entity" is defined as a corporation, general partnership, limited partnership, limited liability partnership, or limited liability company that is registered with the State Department of Assessments and Taxation and that pays real property taxes in connection with the business. The term "revenue" is defined as gross income, no matter how derived, including revenue received from federal, State, and County grants.

To obtain the tax credit, a business entity must demonstrate the following five factors:

- (1) It was wholly or partially closed or restricted in operations because of the emergency;
- (2) It had a reduction in revenue from calendar years 2019 to 2020 or from calendar years 2020 to 2021;
- (3) It paid real property taxes in connection with the business;
- (4) It continues to be operated from the location for which the tax credit is

* This Legislative Summary provides a synopsis of the bill as introduced. It does not address subsequent amendments to the bill.

sought; and

(5) The credit is not combined with other optional tax credits.

The credit is against the real property tax assessed by the Supervisor of Assessments. The credit may not exceed the amount of the tax owed or the amount of the reduction in revenue. The credit is initially available for one year, but it may be renewed for the number of taxable years needed to recoup the reduction in revenue or an additional five years, whichever is less.

The application for the tax credit is made on a form provided by the Controller's Office and must be filed by April 1 of the taxable year for which the credit is sought. A late application is treated as an application or renewal for the following taxable year.