

Chapter 428

(Senate Bill 596)

AN ACT concerning

~~Washington County Property Tax Credit Multi-Use Facilities and Economic Development Projects~~
Property Tax Exemption and Payment in Lieu of Taxes – The Hagerstown Multi-Use Sports and Events Facility, Inc.

FOR the purpose of exempting from the property tax property that is owned by The Hagerstown Multi-Use Sports and Events Facility, Inc., and used primarily for certain purposes; altering eligibility requirements for a certain property tax credit for certain business entities that invest a certain amount in certain real property in Washington County and create a certain number of new and permanent full-time jobs in the county; altering the amount and duration of the property tax credit; authorizing The Hagerstown Multi-Use Sports and Events Facility, Inc. to pay to certain governing bodies an amount that may be set by mutual agreement in lieu of the taxes that would otherwise be due on all or part of the facility; and generally relating to a property tax credit for business entities that invest in real property and create jobs taxes in Washington County on The Hagerstown Multi-Use Sports and Events Facility, Inc..

BY adding to

Article – Tax – Property
Section 7-251 and 7-522
Annotated Code of Maryland
(2019 Replacement Volume and 2024 Supplement)

BY ~~repealing and reenacting, with amendments,~~

~~Article – Tax – Property~~
~~Section 9-323(f)~~
~~Annotated Code of Maryland~~
~~(2019 Replacement Volume and 2024 Supplement)~~

SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND,
 That the Laws of Maryland read as follows:

Article – Tax – Property

7-251.

PROPERTY IS NOT SUBJECT TO PROPERTY TAX IF THE PROPERTY:

(1) IS OWNED BY THE HAGERSTOWN MULTI-USE SPORTS AND EVENTS FACILITY, INC.; AND

(2) IS USED PRIMARILY FOR PUBLIC SOCIAL, RECREATIONAL, AND ENTERTAINMENT PURPOSES.

7-522.

NOTWITHSTANDING THE EXEMPTION FROM PROPERTY TAX UNDER § 7-251 OF THIS TITLE, THE HAGERSTOWN MULTI-USE SPORTS AND EVENTS FACILITY, INC. MAY PAY TO THE GOVERNING BODY OF WASHINGTON COUNTY OR THE CITY OF HAGERSTOWN AN AMOUNT, IF ANY, THAT MAY BE SET BY MUTUAL AGREEMENT IN LIEU OF THE TAXES THAT WOULD OTHERWISE BE DUE ON ALL OR PART OF THE FACILITY.

~~9-323.~~

~~(f) (1) (i) In this subsection the following words have the meanings indicated.~~

~~(ii) “Affiliate” means a person:~~

~~1. that directly or indirectly owns at least 80% of a business entity; or~~

~~2. at least 80% of which is owned, directly or indirectly, by a business entity.~~

~~(iii) “Business entity” means a person conducting a trade or business in the State that is subject to the State individual or corporate income tax or insurance premiums tax.~~

~~(iv) “Full-time position” means a position requiring at least 840 hours of an individual’s time during at least 24 weeks in a 6-month period.~~

~~[(v) “New or expanded premises” means commercial or industrial real property, including a building or part of a building that has not been previously occupied, where a business entity or its affiliates locate to conduct business.]~~

~~[(vi)] (v) 1. “New permanent full-time position” means a position that is:~~

~~A. a full-time position of indefinite duration;~~

~~B. located in Washington County;~~

~~C. newly created, as a result of the establishment, RENOVATION, or expansion of a business facility in the county; and~~

~~D. filled.~~

~~2. "New permanent full time position" does not include a position that is:~~

~~A. created when an employment function is shifted from an existing business facility of the business entity or its affiliates located in Washington County to another business facility of the same entity or its affiliates, if the position does not represent a net new job in the county;~~

~~B. created through a change in ownership of a trade or business;~~

~~C. created through a consolidation, merger, or restructuring of a business entity or its affiliates, if the position does not represent a net new job in the county;~~

~~D. created when an employment function is contractually shifted from an existing business entity or its affiliates located in the county to another business entity or its affiliates, if the position does not represent a net new job in the county; or~~

~~E. filled for a period of less than 12 months.~~

~~(VI) "NEW, RENOVATED, OR EXPANDED PREMISES" MEANS COMMERCIAL OR INDUSTRIAL REAL PROPERTY, INCLUDING A BUILDING OR PART OF A BUILDING THAT HAS NOT BEEN PREVIOUSLY OCCUPIED, WHERE A BUSINESS ENTITY OR ITS AFFILIATES LOCATE TO CONDUCT BUSINESS.~~

~~(2) The governing body of Washington County may grant, by law, a property tax credit against the county property tax imposed on real property owned or leased by a business entity that meets the requirements specified for the property tax credit under this subsection.~~

~~(3) To qualify for a property tax credit under this subsection, before a business entity meets the requirements specified for the property tax credit under paragraph (4) of this subsection, the business entity shall provide written notification to the governing body of Washington County stating:~~

~~(i) that the business entity intends to claim the property tax credit; and~~

~~(ii) when the business entity expects to meet the requirements specified for the property tax credit under paragraph (4) of this subsection.~~

~~(4) To qualify for a property tax credit under this subsection:~~

~~(i) an existing business entity in the county shall:~~

~~1. obtain at least an additional 1,500 square feet of new, **RENOVATED**, or expanded premises by purchasing newly constructed premises, constructing new premises, causing new premises to be constructed, **RENOVATING EXISTING PREMISES**, or leasing previously unoccupied premises; and~~

~~2. employ at least ~~[one individual]~~ **FIVE INDIVIDUALS** in ~~[a]~~ new permanent full-time ~~[position]~~ **POSITIONS** during a 12-month period, during which period the business entity also must obtain and occupy the new, **RENOVATED**, or expanded premises;~~

~~(ii) a new business entity locating in the county shall:~~

~~1. obtain at least 2,500 square feet of new, **RENOVATED**, or expanded premises by purchasing newly constructed premises, constructing new premises, causing new premises to be constructed, **RENOVATING EXISTING PREMISES**, or leasing previously unoccupied premises; and~~

~~2. employ at least ~~[five]~~ **25** individuals in new permanent full-time positions during a 24-month period, during which period the business entity also must obtain and occupy the new, **RENOVATED**, or expanded premises; or~~

~~(iii) a new business entity locating in the county or an existing business entity in the county shall:~~

~~1. invest at least ~~[\$10,000,000]~~ **\$20,000,000** in capital improvements in the county by purchasing newly constructed premises, constructing new premises, causing new premises to be constructed, **RENOVATING EXISTING PREMISES**, or leasing previously unoccupied premises; and~~

~~2. as a result of the capital improvements specified in item 1 of this item, create ~~[100]~~ **200** new permanent full-time positions.~~

~~(5) (i) If an existing business entity in the county meets the requirements of paragraph (4)(i) of this subsection, the property tax credit granted under this subsection shall equal a percentage of the amount of property tax imposed on the assessment of the new, **RENOVATED**, or expanded premises, as follows:~~

~~1. [52%] 55% in the first [and second taxable years]~~
~~TAXABLE YEAR;~~

~~2. [39%] 40% in the [third and fourth taxable years]~~
~~SECOND TAXABLE YEAR; and~~

~~3. [26%] 25% in the [fifth and sixth taxable years] THIRD~~
~~TAXABLE YEAR.~~

~~(ii) If a new business entity locating in the county meets the requirements of paragraph (4)(ii) of this subsection, the property tax credit granted under this subsection shall equal a percentage of the amount of property tax imposed on the assessment of the new, RENOVATED, or expanded premises, as follows:~~

~~1. [30%] 55% in the first and second taxable years;~~

~~2. [20%] 40% in the third and fourth taxable years; and~~

~~3. [10%] 25% in the fifth and sixth taxable years.~~

~~(iii) If a new or existing business entity in the county meets the requirements of paragraph (4)(iii) of this subsection, the property tax credit granted under this subsection shall equal a percentage of the amount of county property tax imposed on the assessment of the new, RENOVATED, or expanded premises, as follows:~~

~~1. [100%] 75% for each of the first 5 taxable years;~~

~~2. [75%] 70% in THE SIXTH taxable [years 6 through 10]~~
~~YEAR;~~

~~3. [50%] 65% in THE SEVENTH taxable [years 11 through 15] YEAR; [and]~~

~~4. 60% IN THE EIGHTH TAXABLE YEAR;~~

~~5. 55% IN THE NINTH TAXABLE YEAR;~~

~~6. 50% IN THE 10TH TAXABLE YEAR;~~

~~7. 45% IN THE 11TH TAXABLE YEAR;~~

~~8. 40% IN THE 12TH TAXABLE YEAR;~~

~~9. 35% IN THE 13TH TAXABLE YEAR;~~

~~10. 30% IN THE 14TH TAXABLE YEAR;~~

~~11. 25% IN THE 15TH TAXABLE YEAR; AND~~

~~[4.] 12. 0% in taxable year 16 and each taxable year thereafter.~~

~~(6) The lessor of real property granted a property tax credit under this subsection shall reduce the amount of taxes for which a business entity is contractually liable under the lease agreement by the amount of any credit granted under this subsection for improvements made by the business entity.~~

~~(7) The governing body of Washington County shall provide, by law, for:~~

~~(i) the specific requirements for eligibility for a property tax credit authorized under this subsection;~~

~~(ii) any additional limitations on eligibility for the credit; and~~

~~(iii) any other provision appropriate to implement the credit.~~

SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect June 1, 2025, and shall be applicable to all taxable years beginning after June 30, 2025.

Approved by the Governor, May 6, 2025.