

Corrected

AGENDA ITEM #4A

June 11, 2013

Introduction

MEMORANDUM

TO: County Council

FROM: Jeffrey L. Zyontz, Legislative Attorney

SUBJECT: **Introduction:** Expedited Bill 14-13, Historic Preservation – Tax Credit

Bill 14-13, Historic Preservation – Tax Credit, sponsored by Councilmembers Rice, Floreen, and Elrich, is scheduled to be introduced on June 11, 2013. A public hearing is tentatively scheduled for June 25 at 1:30 p.m.

Bill 14-13 would amend the law related to the percentage of improvement costs on a historic property that is eligible for a property tax credit. Currently, the historic preservation tax credit is the maximum allowed by state law (10%). On July 1, 2013, state law will allow a 25% tax credit. The sponsors of the Bill wish to maximize the tax credit for qualified historic preservation improvements.

This packet contains:

Expedited Bill 14-13

Legislative Request Report

Circle #

1

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Corrected

Expedited Bill No. 14-13
Concerning: Historic Preservation – Tax Credit
Revised: May 13, 2013 Draft No. 1
Introduced: June 11, 2013
Expires: December 11, 2014
Enacted: _____
Executive: _____
Effective: _____
Sunset Date: None
Ch. _____, Laws of Mont. Co. _____

**COUNTY COUNCIL
FOR MONTGOMERY COUNTY, MARYLAND**

By: Councilmembers Rice, Floreen, and Elrich

AN EXPEDITED ACT to:

- (1) amend the law related to the percentage of improvement costs on a historic property that are eligible for a property tax credit; and
- (2) generally amend the laws a tax credit for qualified improvement to historic properties.

By amending

Montgomery County Code
Chapter 52, Taxation
Section 52-43

Boldface

Underlining

[Single boldface brackets]

Double underlining

[[Double boldface brackets]]

* * *

Heading or defined term.

Added to existing law by original bill.

Deleted from existing law by original bill.

Added by amendment.

Deleted from existing law or the bill by amendment.

Existing law unaffected by bill.

The County Council for Montgomery County, Maryland approves the following Act:

1 **Sec. 1. Section 52-43 is amended as follows:**

2 **Sec. 52-43. Use of tax credit.**

3 (a) The tax credit is [10] 25 percent of the taxpayer's qualified expenses under
4 section 52-42.

5 (b) The tax credit applies to the next tax year after the year in which the work or
6 any part is completed. Any unused tax credit may be carried forward to as
7 many as 5 subsequent tax years. However, if the property is removed as an
8 historic site or excluded from an historic district on the applicable County or
9 municipal master plan or zoning map, any unused tax credit must lapse.

10 * * *

11 **Sec. 2. Expedited Effective Date.**

12 The Council declares that this legislation is necessary for the immediate protection of
13 the public interest. This Act takes effect on the date on which it becomes law.

14
15 *Approved:*

16

Nancy Navarro, President, County Council Date

17 *Approved:*

18

Isiah Leggett, County Executive Date

19 *This is a correct copy of Council action.*

20

Linda M. Lauer, Clerk of the Council Date

LEGISLATIVE REQUEST REPORT

Expedited Bill 14-13
Historic Preservation – Tax Credit

DESCRIPTION: The Expedited Bill would amend Charter 42 to allow an increased tax credit for qualified improvements to a historic property. As introduced, the tax credit would be increased from 10 percent to 25 percent.

PROBLEM: The designation of a property as historic makes improvements subject to an additional regulatory review. To offset this burden, Maryland law allows a tax credit for a percentage of the improvement. The law governing the allowable tax credit for improvements to historic property was changed in 2013 (Chapter 189 of the 2013 Laws of Maryland). In the absence of amending the Code, the allowable tax credit would be less than the state allows. The state law becomes effective on July 1, 2013.

GOALS AND OBJECTIVES: It is the goal of this Bill to allow the maximum allowable tax credit for improvements to historic property.

COORDINATION: Historic Preservation Commission and Planning Department

FISCAL IMPACT: To be requested.

ECONOMIC IMPACT: To be requested.

EVALUATION: To be requested.

EXPERIENCE ELSEWHERE: To be researched.

SOURCE OF INFORMATION: Jeffrey L. Zyontz, 240-777-7896

APPLICATION WITHIN MUNICIPALITIES: To be researched.

PENALTIES: None.