

## FISCAL IMPACT NOTE

**Legislation No:** O-28-18

**First Reader Date:** 7-9-18  
**Note Date:** 7-6-18

**Legislation Title:** Arts and Entertainment District – Tax Credit

**Description:** For the purpose of providing certain tax credit incentives to eligible persons; and specifying the annual distribution of a real property tax credit incentive.

**Analysis of Fiscal Impact:** This legislation provides a credit against property taxes imposed on the assessment increase due to the construction or renovation of an eligible building in the City's State-designated Annapolis Arts and Entertainment District. The City may enact legislation to provide this credit pursuant to Section 9-240 of the Tax-Property Article of the Annotated Code of Maryland.

The proposed credit is a percentage of the property tax imposed on the increase in the assessment as a result of the construction or renovation of an eligible building as follows:

- 100% in each of the first three taxable years after the calendar year when the property is initially entitled to the credit;
- 75% in the 4<sup>th</sup> and 5<sup>th</sup> taxable years;
- 50% in the 6<sup>th</sup> and 7<sup>th</sup> taxable years;
- 25% in the 8<sup>th</sup> and 9<sup>th</sup> taxable years; and
- 10% in the 10<sup>th</sup> taxable year.

No credit is given after the 10<sup>th</sup> taxable year.

This fiscal impact of these property tax credits cannot be estimated because it depends on future construction and related increases in assessments, which cannot be predicted.