

Property Tax – Child Care Centers, Family Child Care Homes, and Large Family Child Care Homes

For the purpose of creating real property tax credits for child care providers who own the property where they operate a state-licensed or registered child care center, family child care home, or large family child care home; allowing businesses of a certain size that own their property and have on-site child care facilities to participate in the tax credit program; setting the real property tax credit at a maximum of \$10,000; and generally related to tax credits for child care providers.

City Council of the City of Annapolis

Ordinance 1-26

**Introduced by: Alderman Schandelmeier
Co-sponsored by: Alderwoman O'Neill**

Referred to: Finance Committee, Rules and City Government Committee

AN ORDINANCE concerning

Property Tax – Child Care Centers, Family Child Care Homes, and Large Family Child Care Homes

FOR the purpose of creating real property tax credits for child care providers who own the property where they operate a state-licensed or registered child care center, family child care home, or large family child care home; allowing businesses of a certain size that own their property and have on-site child care facilities to participate in the tax credit program; setting the real property tax credit at a maximum of \$10,000; and generally related to tax credits for child care providers.

BY enacting with amendments the following portions of the Code of the City of Annapolis, 2026 Edition: **6.04.128**

BY re-enacting with amendments the following portions of the Code of the City of Annapolis, 2026 Edition: **21.64.190 & 21.64.200**

Explanation: ~~Strikethrough~~ indicates matter stricken from existing law.
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SECTION I: BE IT ESTABLISHED AND ORDAINED BY THE ANNAPOLIS CITY COUNCIL that the Code of the City of Annapolis shall be amended to read as follows:

**City Code Title 6 -REVENUE AND FINANCE
Chapter 6.04 - Finance and Taxation Generally**

Section 6.04.128 - Child Care Center, Family Child Care Home, and Large Family Care Home Real Property Tax Credit.

A. Definitions.

1. Unless stated otherwise below, the terms in this section are as defined in Education Article, Title 9.5 of the Annotated Code of Maryland.
2. "Child Care Facility" means, for the purposes of this section, property owners who operate a state-licensed child care center, a state-registered family child care home, or a state-registered large family child care home in accordance with Education Article, Title 9.5 of the Annotated Code of Maryland.
3. "Improvement" means an addition to or modification of real property that both increases the assessed value of the property, as determined by the Maryland Department of Assessments and Taxation, and is used for a child care facility.
4. "Real Property" means undeveloped land, along with enhancements such as buildings, structures, driveways, landscaping, water, and sewer systems.

B. Real Property Tax Credit.

1. Tax Credit for Child Care Providers.

As authorized by Tax-Property Article § 9-213 of the Annotated Code of Maryland, the City shall:

- i. Offer a real property tax credit to property owners who operate a child care facility on their property; and
- ii. Apply the tax credit to real property improvements made exclusively for the child care facility.

2. Tax Credit for Businesses.

- a. The City shall grant a real property tax credit to a business if the following conditions are met pursuant to the authorization in Tax-Property Article § 9-214 of the Annotated Code of Maryland:
 - i. The business owns the real property;

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- ii. The business has at least 25 employees; and
- iii. The business has a designated area set aside on the real property exclusively for:
 - 1) A family child care home or large family child care home that is registered with the state in accordance with Education Article, Title 9.5, Subtitle 3 of the Annotated Code of Maryland.
 - 2) A child care center that is licensed with the state in accordance with Education Article, Title 9.5, Subtitle 4 of the Annotated Code of Maryland.
- b. The tax credit shall apply only to the portion of the real property used exclusively for a child care facility.

3. Tax Credit Amount.

- a. The annual real property tax credit under this section shall not cumulatively exceed either:
 - i. \$10,000; or
 - ii. The amount of the City real property tax related to the improvement(s) on the real property.
- b. The property owner shall pay any real estate taxes owed for the applicable real property that exceed the tax credit.

C. Duration and Termination.

- 1. **Duration.** Any real property tax credits for child care facilities granted pursuant to this section:
 - a. Are valid for one taxable year; and
 - b. Require an annual application submission, as detailed in subsection D below.
- 2. **Termination.** A real property tax credit for a child care facility granted under this section shall automatically terminate if:
 - a. The child care facility no longer meets the eligibility requirements of this section; or
 - b. The child care facility fails to meet any other applicable City requirements, including but not limited to Chapters 21.48 and 21.50. (zoning regulations) and §§ 21.64.190-21.64.200 (additional child care regulations) of the City Code.

D. Application for Exemption or Tax Credit.

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1. The Director of Finance or their designee shall manage the provisions of this section and adopt regulations for its implementation.
2. Property owners applying for real property tax credits under this section must use the required form specified by the Director.
3. The Director shall verify that the property owner and the real property qualify for a real property tax credit under this section.
4. Applications for a renewal of the tax credit created by this section shall be filed by the property owner on or before a date set by the Director.
5. If the property owner submits the application or renewal after the deadline set by the Director, the credit will not be granted for that taxable year. The Director shall consider it as an application or renewal request for the following taxable year.

City Code Title 21 - PLANNING AND ZONING
Chapter 21.64 - Standards for Uses Subject to Standards

Section 21.64.190 Family child care.

A. Family Child Care Homes.

1. Family child care homes and large family child care homes shall meet requirements of Education Article § 9.5 of the Maryland Code and COMAR §§ 13A.15 and 13A.18.
2. Family child care home providers shall be residents of the principal building on the zoning lot.

Section 21.64.200 Child care center.

A. Generally.

1. **State Requirements.** Child care centers shall meet requirements of Education Article § 9.5 of the ~~Maryland Code~~ Annotated Code of Maryland and COMAR § 13A.16.
2. **Additional City Requirement.** Child care centers shall have safe pick-up and drop-off locations, as determined by the planning and zoning director.

B. Educational and Religious Affiliated Child Care Centers.

1. The use is subject to review and approval by the ~~d~~Deartment of ~~p~~Planning and ~~z~~Zoning.
2. A safe on-site drop-off and pick-up area shall be provided.

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- ~~3. Adequate on-site parking sufficient to accommodate the users of the facility shall be provided, with signage to reserve spaces for the day care center.~~

SECTION II: AND BE IT FURTHER ESTABLISHED AND ORDAINED BY THE ANNAPOLIS CITY COUNCIL that:

1. This ordinance shall take effect upon passage; and
2. The tax credit shall apply in the next full taxable year after the date of adoption.

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