

**O-1-26**

**Property Tax - Child Care Centers, Family Child Care Homes,  
and Large Family Child Care Homes**

**AMENDMENT 2 – ALDERMAN THORP**  
(on behalf of the Rules and City Government Committee)

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**Amendment Summary:**

Amendment 2 requires an annual report to the City Council on the effectiveness of the property tax program.

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**MOTION:**

On page 4, in line 12, insert a new subsection E as follows:

**“E. Reporting Requirement.**

The City Manager will report annually to the City Council the number of child care facilities requesting and receiving this tax credit, the amount approved, an assessment of the effectiveness of the program, and recommendations for improvements to the program, if any, by February 28<sup>th</sup> of the year following the calendar year of the program.”

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**Explanation Note:** ~~Strikethrough~~ indicates matter stricken from existing law.  
Underlining & black means copyediting or reformatting of the existing section  
Underlining & red means a Code change in the original legislation  
Underlining & blue means an amendment to legislation

## As the Change Would Look in the Legislation

This is solely for showing changes & is *not* part of the Amendment Motion.

**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.**

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- 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;
  - 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

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- 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.**

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.

**E. Reporting Requirement.**

The City Manager will report annually to the City Council the number of child care facilities requesting and receiving this tax credit, the amount approved, an assessment of the effectiveness of the program, and recommendations for improvements to the program, if any, by February 28<sup>th</sup> of the year following the calendar year of the program.