

Open Work Session
Proposed Property Tax Credit Legislation
July 20, 2021

Mr. Holloway said he brought this up at the last meeting and they never reached a consensus vote. He said, by the previous conversation, he probably would not have brought this up again, but he sees they are moving ahead with the HORIZON project giving tax abatements or credits to large-scale developers, so he feels if they do that, they need to also give the taxpayers of Wicomico County a break. He said the interesting part about it is that State Delegate Anderton stood at the podium and said he was fully in favor of this. He then asked Mr. Paul Wilber to come to the table.

Mr. Paul Wilber, County Attorney, came before Council. Mr. Holloway said he understands they have to have enabling Legislation from the General Assembly to do this, and they seemed to be fully on board with the HORIZON issue by passing those Bills, so, if the Council agrees, they could ask them to give enabling Legislation for this. He then asked what the process would be, to which Mr. Wilber responded, the Council, if they choose, would make a request of the local Delegation at the State level to bring forward an amendment to the Tax Property Article allowing the tax credit that is contained in Mr. Holloway's Legislation. He clarified, it is the same process as was used for the HORIZON Legislation. Mr. Holloway asked if this would be an amendment to the two State Bills dealing with the HORIZON program, to which Mr. Wilber responded, no. He explained, it would just be a separate piece of enabling Legislation that would put another paragraph in the property tax credits or exemptions authorized in the State Code allowing the credit Mr. Holloway has described. Mr. Holloway said, so what they need is a letter from the Council and preferably from the County Executive.

Mr. McCain said, before they go too far with this, he thought they resolved this at their last meeting. He said he knows they discussed it, and it was acknowledged at the meeting that there was not support. He said they did not technically go around and get a consensus on it, so he would like to see if there is a consensus before they keep going with this because he thought they resolved it at the last meeting. Mr. Dodd responded, Mrs. Hurley double checked and he thinks there were only two people discussing it, but there was no consensus. Mr. McCain said he went back and listened to it as well, and Mr. Holloway made the comment that there is not support for this and he acknowledged that, and they kind of moved on. He said, regardless, they should see if there is a consensus before they go any further with this.

Mr. Holloway said, with Mr. Anderton's statements and the fact that they are moving forward, he did a little more research into the two Bills the Legislators passed, and this could potentially be millions of dollars in tax abatements and tax credits to developers in Wicomico County, which basically the citizens will have to make up to support the government and support services. He said, if they are going to give a tax abatement to developers, especially large-scale developers as they are not talking about small projects, he sees that it is only fair that they do the same thing for the citizens of Wicomico County.

Mr. Cannon said he thinks Mr. Holloway needs to verify those statistics because he does not think there is going to be such an encumbrance on any type of services as Mr. Holloway is suggesting. He then asked, if this were to go to the Legislature as a Legislative Bill, exactly when would this tax break come to fruition, to which Mr. Wilber responded, they would need to have the State authorize enabling Legislation out of the next Session, and then Legislation would be brought forward to the County Council and would be effective in 2023. Mr. Cannon said it would be passed in 2023, so he thinks it would be

effective for FY24 once it has been signed by the Governor, if it were. Mr. Wilber said, if it came into the Legislative Session in 2022 and the Governor signed it in 2022, he thinks the tax credit would be available in 2023. Mr. Cannon said that is two years from now.

Mr. Cannon said here is his concern, and he has said this before. He said they can resolve this much easier and do not even have to go to the State of Maryland by changing the tax rate in the next budget cycle, and that way this would go into effect in eight months instead of two years. Mr. Holloway said that is correct, and they can do that, but if it is passed as a law they would have to do it. He said Mr. Cannon is saying they can do it, but can and have are two different things, just like shall and may. He said they can do it in the next budget session, but, if they do this as a law, they have to do it.

Mr. Cannon said Mr. Holloway is making an assumption because the Council has not even seen the Legislation to know exactly what the language would be, and this Council could vote for it to be a shall or a may, and then once the State Legislature gets it they could dictate whether it is going to be shall or may. He said the point being is that the simplest process would be to do it in the next budget cycle in eight months rather than waiting two years whether it says shall or may. Mr. Holloway said they can still do it, but they are the ones who are going to write the letter, so they can put shall or may in it if they want to. He said they can do this in the next budget process if they want to, but they can also do a letter to the Legislatures to see if they will do this, so they can do it both ways. Mr. Cannon asked, if they can do it in eight months, why wait two years, to which Mr. Holloway responded, they do not have to wait two years, they can do it in eight months, but they can also do the Legislation. Mr. Cannon said he is not going to repeat himself, but they can either do something and wait two years for it to pass or they can do it in eight months. Mr. Holloway said they can do it in eight months and they can also pass this Legislation that says in two years they have to do it. Mr. Cannon said, to be honest, he would leave that up to the next Council.

Mrs. Hurley said Mr. Wilber mentioned FY23, but if the State Legislation goes into effect in fiscal year 2023, the County would have to go through the process of adopting its Legislation, so then they would be in the middle of that fiscal year. She then asked if Mr. Wilber thinks starting the tax credit for the beginning of the next fiscal year, which would be fiscal year 2024, would be the most proper thing to do, or would he want to do the tax credit in the middle of the fiscal year, to which Mr. Wilber responded, he does not think they would want to do a tax credit in the middle of any year, they would want to start it with July 1. He said he was thinking like the HORIZON Legislation at the State that came into effect this spring and the Council is discussing putting that tax credit in place with Legislation in August so it is available. He said, if they were working in 2022 with the State Legislation, that enabling Legislation would flow into County Legislation in 2023, just like HORIZON, so July 1, 2024 would be the start.

Mr. McCain suggested they take a consensus because he and Mr. Holloway have both asked for a consensus, to which Mrs. Acle responded, she has a couple of questions.

Mrs. Acle asked, if they cannot get a consensus for this, is it something they could put on the ballot for the voters to decide, to which Mr. Wilber responded, no, that would be like an advisory Legislative Bill.

Mrs. Acle asked if Mr. Holloway had any kind of an economic impact study done or if he has delved into this a little bit more to get some information on how this would impact services, to which Mr. Holloway responded, he had as much of an impact study done on this as they have had done on the HORIZON project, and that is none. Mr. McCain clarified, that is not the case.

Mr. Dodd said, as long as the core services are fulfilled like schools, roads, and public safety, he has no problem with a tax credit, but he will get a consensus to move forward with this.

Mr. McCain was not in favor, Mr. Davis said no, and Mr. Holloway said yes.

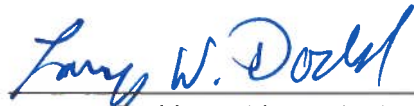
Mr. Cannon said he thinks if they are looking for a tax cut for the citizens of Wicomico County they do it in eight months, not three years. Mr. Dodd said they get that, to which Mr. Cannon responded, that is his statement.

Mr. Hastings said it is a good thought, but no.

Mrs. Acle said she is not comfortable voting for something that they do not have an economic impact study on.

Mr. Dodd said he wants to move forward with this, but they do not have enough votes.

There was no further discussion.



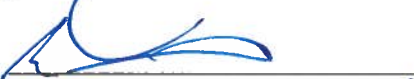
Larry W. Dodd, President, District 3



Joe Holloway, Vice President, District 5



John T. Cannon, At-Large



William R. McCain, At-Large



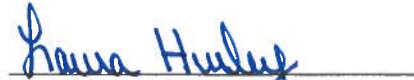
Ernest F. Davis, District 1



Nicole Acle, District 2



Josh Hastings, District 4



Laura Hurley, Council Administrator