

Economic Development Tax Credit: *Approval of Local Ordinance*

August 8, 2006



Authorization

- During the 2006 Legislative Session, you asked for and received authority to grant property tax credits to businesses that meet certain criteria.
- As enacted into law on April 25, 2006, the Board of County Commissioners may grant a tax credit of up to 50% against personal and real property to businesses that meet certain criteria.
- These criteria include:
 - Business must be in a target industry
 - Business must create 25 new full-time jobs
 - Business must invest at least \$2.5M in land, improvements or equipment in the County



Local Ordinance

- Before the BOCC can grant a tax credit, you must pass a local Ordinance that contains the conditions under which the credit may be granted.
- The new Ordinance determines the process required for each tax credit request.
- The proposed Ordinance is before you for consideration.
- A public hearing is not required to approve the Ordinance or future tax credit request.



Requested Action

- Staff recommends BOCC approval of the Ordinance authorizing property tax credits to businesses that meet certain criteria.



Proposed Tax Credit:

Constellation Generation Group, LLC

August 8, 2006





Proposed Tax Credit

- **Constellation Generation Group, LLC requests a 50%, 15-year tax credit for a third reactor under consideration at Calvert Cliffs Nuclear Power Plant.**
- **The tax credit is for the real and personal property taxes imposed by the County on the new or expanding portion of the Plant.**
- **Company has documented that they will meet all criteria requirements.**

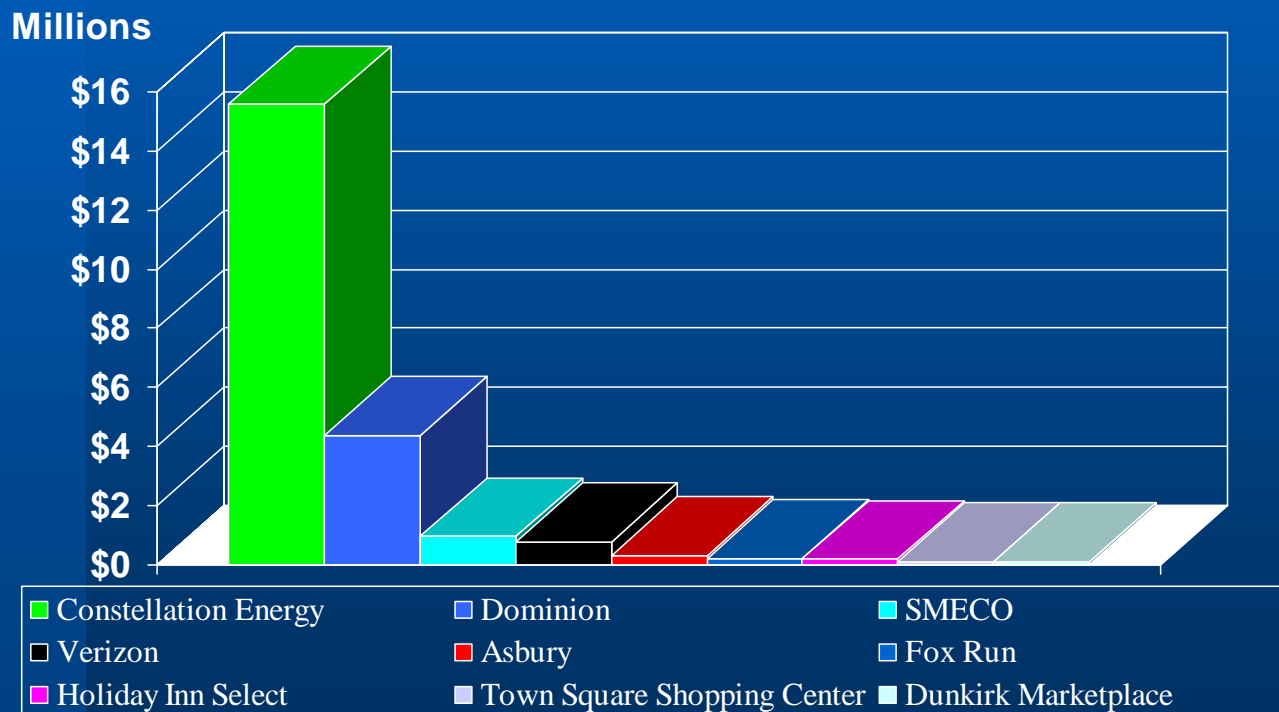


Fiscal Impact



- Calvert Cliffs' current fiscal impact = *significant*

Top Taxes Paid - FY 2006

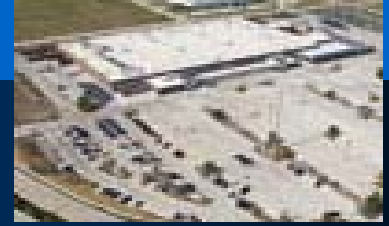


Economic Impact



- **Current Scenario:**
 - Calvert County currently receives \$15.5M (FY06) in tax revenue
 - Plant employs approximately 800+ people
- **An Expanded Calvert Cliffs Would Bring:**
 - Significant new tax revenue
 - Approximately \$20M with tax credit - *annually*
 - 400 new, full-time jobs
 - 3,200 jobs during construction phase





Economic Comparison

- The proposed expansion at Calvert Cliffs, with a 50% tax credit, provides revenue to the County equivalent to:
 - 106 Fox Run Shopping Centers; or
 - 257 Dunkirk Market Place Shopping Centers; or
 - 954 Walmarts; or
 - 136 Holiday Inn Selects; or
 - 8,125 new homes



Requested Action

- **Authorizing a tax credit does not approve or guarantee construction. This is part of a business proposal to attract additional capital investment. When, and if, a site decision is made, a formal public participation process will commence.**
- **Staff recommendation:**
 - **Approve Agreement with Constellation Generation Group, LLC to provide a 15-year, 50% tax credit on personal and real property for the proposed third reactor.**
 - **Authorize the president of the BOCC to sign the Agreement.**

