

MontCo executive offers Lockheed Martin \$900,000 tax break

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Montgomery County Executive Ike Leggett wants to give Bethesda defense giant Lockheed Martin a \$900,000 tax break while raising taxes on residents and businesses. Leggett proposed the grant in his fiscal 2013 budget to refund two years of county "hotel-motel" taxes, which Lockheed pays for its Center for Leadership Excellence, a 300,000-square-foot conference center and lodging facility that opened in March 2009. The taxes cost Lockheed about \$450,000 a year, said county Finance Director Joe Beach. The tax should not apply to Lockheed Martin because its facility is used for employees only, said company spokesman Chris Williams.

Proposed Economic Development Fund grants

Company	Amount	Purpose
Westfield and Costco	\$2 million	Encourages construction of Costco in Westfield Wheaton plaza
Choice Hotels	\$1.9 million	Encourages Choice Hotels to relocate its headquarters from White Oak to Rockville Town Center
Lockheed Martin	\$900,000	Refunds hotel-motel taxes
Meso Scale Diagnostics	\$167,000	Offsets the costs of buying the former county police headquarters in Rockville

"We can't be in the business of having one of our major corporations believing that the county and the state is treating them in a way they believe is unfair," Leggett said. "It could have them decide that they're not going to build and enhance what they already have here." Lockheed Martin does not have any current plans to expand, Williams said.

Under county code, any "lodging place that offers for compensation sleeping accommodations in the county to five or more transients at any one time" is subject to the tax. In July 2010, Leggett submitted a bill that would have exempted Lockheed Martin from the tax beginning in fiscal 2011. But the bill lacked the necessary County Council support and was never put to a vote.

Leggett's new plan is a tax rebate that could be renewed annually.

In addition to the rebate, Leggett's budget proposal includes a property tax increase and energy tax extension, as well as higher bus and parking fees.

"A lot of my constituents would be very disturbed that we're giving \$900,000 to one defense contractor when taxes are going up," said Councilman George Leventhal, D-at large.

"Among the reasons that we want big, successful businesses to stay in the county is that they pay taxes."

Besides, companies such as Lockheed contribute to the local economy, said Gigi Godwin, Montgomery County Chamber of Commerce president.

"You certainly want to keep and attract employers that pay great salaries, great wages to their employees," she said. "You want those companies not just to stay, but to expand."

Still, offering the company a grant is not the best approach, some lawmakers said. For example, the county could contract Lockheed to perform a service it is known for, like making properties more energy-efficient, said Council President Roger Berliner, D-Bethesda.

"What we want to do with Lockheed Martin is show them that we appreciate the full scope of their contributions."

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