

BY: Budget and Taxation Committee

AMENDMENTS TO HOUSE BILL NO. 4  
(Third Reading File Bill)

AMENDMENT NO. 1

On page 1, in line 3, strike "Income"; in line 4, strike "the State income tax" and substitute "certain taxes"; in line 8, after "counties;" insert "providing for the carryover of certain unused credits; making certain unused credits refundable under certain circumstances;"; after line 12, insert:

"BY adding to

Article 83A - Department of Business and Economic Development  
Section 5-1301 to be under the new subtitle "Subtitle 13. One Maryland Economic  
Development Tax Credits"  
Annotated Code of Maryland  
(1998 Replacement Volume)

BY adding to

Article - Insurance  
Section 6-119  
Annotated Code of Maryland  
(1997 Volume and 1998 Supplement)";

and in line 15, after "Section" insert "8-220 and".

AMENDMENT NO. 2

On page 2, strike in their entirety lines 1 and 2, inclusive, and substitute:

"Article 83A - Department of Business and Economic Development

SUBTITLE 13. ONE MARYLAND ECONOMIC DEVELOPMENT TAX CREDITS.

(Over)

5-1301.”;

in lines 22 and 26, in each instance, before “PROJECT” insert “ELIGIBLE”; and in line 22, strike “THE” and substitute “UP TO \$5,000,000 OF”.

#### AMENDMENT NO. 3

On page 3, after line 18, insert:

“(III) “ELIGIBLE PROJECT COSTS” DOES NOT INCLUDE ANY COSTS INCURRED BY A BUSINESS ENTITY BEFORE NOTIFYING THE DEPARTMENT OF ITS INTENT TO SEEK CERTIFICATION AS QUALIFYING FOR THE TAX CREDIT UNDER THIS SECTION.”;

in line 21, after “FACILITY” insert “THAT:

1. IS LOCATED”;

and in line 22, after “STATE” insert “; AND

2. IS LOCATED WITHIN A PRIORITY FUNDING AREA UNDER § 5-7B-02 OF THE STATE FINANCE AND PROCUREMENT ARTICLE OR IS ELIGIBLE FOR FUNDING OUTSIDE OF A PRIORITY FUNDING AREA UNDER § 5-7B-05 OR § 5-7B-06 OF THE STATE FINANCE AND PROCUREMENT ARTICLE”.

#### AMENDMENT NO. 4

On page 5, in line 17, after “(12)” insert “(I)”; in the same line, before “START-UP” insert “ELIGIBLE”; in the same line, after “MEANS” insert “UP TO A TOTAL OF \$500,000 OF”; in lines 18 and 22, strike “(I)” and “(II)”, respectively, and substitute “1.” and “2.”, respectively; after line 25, insert:

“(II) “ELIGIBLE START-UP COSTS” DOES NOT INCLUDE ANY COSTS INCURRED BY A BUSINESS ENTITY BEFORE NOTIFYING THE DEPARTMENT OF ITS INTENT TO SEEK CERTIFICATION AS QUALIFYING FOR THE TAX CREDIT UNDER THIS SECTION.”;

in line 26, after the second “A” insert “TAX”; in line 27, strike “AGAINST THE STATE INCOME TAX”; in line 28, after “THE” insert “AMOUNT OF THE”; in lines 29 and 33, in each instance, before “PROJECT” insert “ELIGIBLE”; in line 36, strike “INCOME”; and in line 37, before

“BUSINESS” insert “QUALIFIED”.

On page 6, in lines 1, 4, and 6, in each instance, strike “INCOME”; in lines 2, 6, 27, 29, and 32, in each instance, before “BUSINESS” insert “QUALIFIED”; and in lines 26, 28, and 34, in each instance, after “COMPTROLLER” insert “OR THE DEPARTMENT OF ASSESSMENTS AND TAXATION”.

On pages 6 and 7, strike in their entirety the lines beginning with line 35 on page 6 through line 7 on page 7, inclusive, and substitute:

“(4) IF THE ELIGIBLE PROJECT COSTS FOR THE ELIGIBLE ECONOMIC DEVELOPMENT PROJECT EXCEED THE STATE TAX ON THE QUALIFIED BUSINESS ENTITY’S INCOME GENERATED BY OR ARISING OUT OF THE PROJECT FOR THE TAXABLE YEAR IN WHICH THE PROJECT IS PLACED IN SERVICE, THE QUALIFIED BUSINESS ENTITY MAY APPLY ANY EXCESS AS A CREDIT FOR SUCCEEDING TAXABLE YEARS AGAINST THE STATE TAX ON THE QUALIFIED BUSINESS ENTITY’S INCOME GENERATED BY OR ARISING OUT OF THE PROJECT UNTIL THE EARLIER OF:

(I) THE FULL AMOUNT OF THE EXCESS IS USED; OR

(II) THE EXPIRATION OF THE 14TH TAXABLE YEAR FOLLOWING THE TAXABLE YEAR IN WHICH THE PROJECT IS PLACED IN SERVICE.

(5) (I) SUBJECT TO THE LIMITATION UNDER SUBPARAGRAPH (II) OF THIS PARAGRAPH, FOR ANY TAXABLE YEAR AFTER THE 4TH TAXABLE YEAR FOLLOWING THE TAXABLE YEAR IN WHICH THE PROJECT IS PLACED IN SERVICE BUT BEFORE THE 15TH TAXABLE YEAR FOLLOWING THE TAXABLE YEAR IN WHICH THE PROJECT IS PLACED IN SERVICE:

1. ANY EXCESS OF ELIGIBLE PROJECT COSTS FOR THE ELIGIBLE ECONOMIC DEVELOPMENT PROJECT OVER THE CUMULATIVE AMOUNT USED AS A TAX CREDIT UNDER THIS SUBSECTION FOR THE TAXABLE YEAR AND ALL PRIOR TAXABLE YEARS MAY BE APPLIED AS A TAX CREDIT AGAINST THE

(Over)

STATE TAX FOR THE TAXABLE YEAR ON THE QUALIFIED BUSINESS ENTITY'S  
INCOME OTHER THAN INCOME GENERATED BY OR ARISING OUT OF THE PROJECT;  
AND

2. THE QUALIFIED BUSINESS ENTITY MAY CLAIM A  
REFUND IN THE AMOUNT, IF ANY, BY WHICH THE UNUSED EXCESS EXCEEDS THE  
STATE TAX FOR THE TAXABLE YEAR ON THE QUALIFIED BUSINESS ENTITY'S  
INCOME OTHER THAN INCOME GENERATED BY OR ARISING OUT OF THE PROJECT.

(II) FOR ANY TAXABLE YEAR, THE TOTAL OF THE AMOUNTS  
USED AS A TAX CREDIT AND CLAIMED AS A REFUND AS PROVIDED IN THIS  
PARAGRAPH MAY NOT EXCEED THE AMOUNT OF TAXES THAT THE QUALIFIED  
BUSINESS ENTITY IS REQUIRED TO WITHHOLD FOR THE TAXABLE YEAR FROM THE  
WAGES OF QUALIFIED EMPLOYEES UNDER § 10-908 OF THE TAX - GENERAL  
ARTICLE.”.

AMENDMENT NO. 5

On page 7, in line 9, after “A” insert “TAX”; and strike beginning with “AS” in line 10 down through “TITLE” in line 15; in line 18, before “BUSINESS” insert “QUALIFIED”; in the same line, before “START-UP” insert “ELIGIBLE”; strike in their entirety lines 25 and 26, inclusive, and substitute:

“(3) IF THE CREDIT ALLOWED UNDER THIS SUBSECTION FOR THE  
TAXABLE YEAR IN WHICH A QUALIFIED BUSINESS ENTITY LOCATES IN A QUALIFIED  
DISTRESSED COUNTY EXCEEDS THE TOTAL TAX OTHERWISE DUE FROM THE  
QUALIFIED BUSINESS ENTITY FOR THAT TAXABLE YEAR, THE QUALIFIED BUSINESS  
ENTITY MAY APPLY THE EXCESS AS A CREDIT FOR SUCCEEDING TAXABLE YEARS  
UNTIL THE EARLIER OF:

(I) THE FULL AMOUNT OF THE EXCESS IS USED; OR

(II) THE EXPIRATION OF THE 14TH TAXABLE YEAR FOLLOWING  
THE TAXABLE YEAR IN WHICH THE QUALIFIED BUSINESS ENTITY LOCATES IN A  
QUALIFIED DISTRESSED COUNTY.

(4) (I) SUBJECT TO THE LIMITATION UNDER SUBPARAGRAPH (II) OF THIS PARAGRAPH, FOR ANY TAXABLE YEAR AFTER THE 4TH TAXABLE YEAR FOLLOWING THE TAXABLE YEAR IN WHICH THE QUALIFIED BUSINESS ENTITY LOCATES IN A QUALIFIED DISTRESSED COUNTY BUT BEFORE THE 15TH TAXABLE YEAR FOLLOWING THE TAXABLE YEAR IN WHICH THE QUALIFIED BUSINESS ENTITY LOCATES IN A QUALIFIED DISTRESSED COUNTY, THE QUALIFIED BUSINESS ENTITY MAY CLAIM A REFUND IN THE AMOUNT, IF ANY, BY WHICH THE QUALIFIED BUSINESS ENTITY'S ELIGIBLE START-UP COSTS EXCEED THE CUMULATIVE AMOUNT USED AS A TAX CREDIT UNDER THIS SUBSECTION FOR THE TAXABLE YEAR AND ALL PRIOR TAXABLE YEARS.

(II) FOR ANY TAXABLE YEAR, THE TOTAL AMOUNT CLAIMED AS A REFUND AS PROVIDED IN THIS PARAGRAPH MAY NOT EXCEED THE AMOUNT OF TAXES THAT THE QUALIFIED BUSINESS ENTITY IS REQUIRED TO WITHHOLD FOR THE TAXABLE YEAR FROM THE WAGES OF QUALIFIED EMPLOYEES UNDER § 10-908 OF THE TAX - GENERAL ARTICLE.”.

AMENDMENT NO. 6

On page 7, in line 30, after “(1)” insert “A BUSINESS ENTITY MAY NOT BE CERTIFIED AS QUALIFYING FOR THE TAX CREDIT UNDER THIS SECTION UNLESS THE BUSINESS ENTITY NOTIFIES THE DEPARTMENT OF ITS INTENT TO SEEK CERTIFICATION BEFORE HIRING ANY QUALIFIED EMPLOYEES TO FILL THE QUALIFIED POSITIONS NECESSARY TO SATISFY THE EMPLOYMENT THRESHOLD REQUIRED TO QUALIFY FOR THE TAX CREDIT UNDER SUBSECTION (A)(7)(II) OF THIS SECTION.”

(2) (I) A BUSINESS ENTITY MAY NOT BE CERTIFIED AS QUALIFYING FOR THE TAX CREDIT UNDER THIS SECTION IF AN ANNOUNCEMENT OF INTENT TO ESTABLISH OR EXPAND THE BUSINESS FACILITY WAS MADE ON OR BEFORE APRIL 10, 1999.

(II) FOR PURPOSES OF THIS PARAGRAPH, AN ANNOUNCEMENT OF INTENT TO ESTABLISH OR EXPAND A BUSINESS FACILITY INCLUDES A PRESS

(Over)

CONFERENCE OR PRESS COVERAGE REGARDING THE PROJECT.

(3)".

On page 8, in line 3, strike "(2)" and substitute "(4)".

AMENDMENT NO. 7

On page 8, in line 5, before "BUSINESS" insert "QUALIFIED"; in line 7, strike "COMPTROLLER" and substitute "APPROPRIATE STATE AGENCY"; and after line 9, insert:

"Article - Insurance

6-119.

AN INSURER MAY CLAIM A CREDIT AGAINST THE PREMIUM TAX FOR ONE MARYLAND START-UP COSTS AS PROVIDED UNDER ARTICLE 83A, § 5-1301(C) OF THE CODE.

Article - Tax - General

8-220.

A FINANCIAL INSTITUTION MAY CLAIM A CREDIT AGAINST THE FINANCIAL INSTITUTION FRANCHISE TAX FOR ONE MARYLAND PROJECT COSTS AND START-UP COSTS AS PROVIDED UNDER ARTICLE 83A, § 5-1301(B) AND (C) OF THE CODE.

10-712.

AN INDIVIDUAL OR CORPORATION MAY CLAIM A CREDIT AGAINST THE STATE INCOME TAX FOR ONE MARYLAND PROJECT COSTS AND START-UP COSTS AS PROVIDED UNDER ARTICLE 83A, § 5-1301(B) AND (C) OF THE CODE."