

HOUSE BILL 742

C8, F2, Q2

4lr2756
CF SB 600

By: Delegates Walker, Barnes, Barve, Beidle, Bohanan, Branch, Braveboy, Bromwell, Busch, Cane, Cardin, Carter, Clagett, Conway, Cullison, Davis, DeBoy, Donoghue, Dumais, Frick, Frush, Gaines, Griffith, Guzzone, Hammen, Haynes, Healey, Hixson, Holmes, Howard, Hubbard, Ivey, James, Jameson, Jones, Kaiser, A. Kelly, Lafferty, Luedtke, Malone, McHale, McIntosh, A. Miller, Morhaim, Niemann, Oaks, Olszewski, Pena-Melnyk, Pendergrass, Proctor, B. Robinson, Rudolph, Stein, F. Turner, V. Turner, Valderrama, Valentino-Smith, Vallario, Vaughn, Waldstreicher, A. Washington, Weir, Wilson, and Zucker

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Assigned to: Ways and Means

Committee Report: Favorable with amendments

House action: Adopted

Read second time: March 28, 2014

CHAPTER _____

1 AN ACT concerning

2 **Regional Institution Strategic Enterprise Zone Program**

3 FOR the purpose of establishing the Regional Institution Strategic Enterprise Zone
4 Program to access institutional assets that have a strong and demonstrated
5 history of commitment to economic development and revitalization in the
6 communities in which they are located; authorizing certain ~~public schools or~~
7 institutions of higher education that meet certain criteria to apply to the
8 Secretary of Business and Economic Development to be designated as a
9 qualified institution; requiring the Secretary to approve or reject an application
10 for designation as a qualified institution within a certain number of days after
11 the application is submitted; authorizing a qualified institution to apply to the
12 ~~Secretary to have a certain area of the State designated as a Regional~~
13 ~~Institution Strategic Enterprise zone; authorizing a qualified institution to~~
14 make a joint application with a county, a municipal corporation, or a certain
15 entity of a county or a municipal corporation to the Secretary to have a certain
16 area in the State designated as a Regional Institution Strategic Enterprise
17 (RISE) zone; prohibiting certain counties and municipalities from authorizing

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.

Underlining indicates amendments to bill.

~~Strike out~~ indicates matter stricken from the bill by amendment or deleted from the law by amendment.



1 certain property tax credits; requiring the Secretary to approve or reject a RISE
2 zone application and define the boundaries of a RISE zone within a certain
3 number of days on or after a certain date after the application is submitted;
4 requiring the Secretary to provide certain notice a certain number of days before
5 approving or rejecting an application certain applications; authorizing certain
6 entities to provide certain advice to the Secretary; providing that the Secretary
7 may not approve more than a certain number of RISE zones in a county or
8 municipal corporation; providing that a qualified institution may not be
9 required to be in the immediate vicinity of a proposed RISE zone in a rural part
10 of the State; providing that the designation of a RISE zone is for a certain
11 number of years; providing that a RISE zone may be renewed for a certain
12 number of years under certain circumstances; prohibiting the Secretary from
13 designating a RISE zone in certain areas; requiring the Secretary to assign a
14 RISE zone a business development concierge; requiring the business
15 development concierge to assist entities locating in a RISE zone with certain
16 activities; authorizing a business entity that locates in a RISE zone to receive
17 certain tax incentives and financial assistance if the entity or its location
18 receives a certain certification; requiring the Department and the Comptroller,
19 each year, to jointly make certain assessments and submit certain reports;
20 authorizing certain political subdivisions to identify certain zones and pledge
21 certain property taxes in certain zones; authorizing certain political
22 subdivisions to use the proceeds from certain bond issues for certain purposes;
23 authorizing the governing body of certain political subdivisions to create a
24 special fund for certain purposes; authorizing the governing body of certain
25 political subdivisions to pledge certain tax revenue generated within certain
26 zones; requiring that a political subdivision that leases as a lessor certain
27 property within a certain zone be assessed and taxed in a certain manner;
28 requiring the governing body of a county or municipal corporation to grant a
29 property tax credit on a certain assessment of qualified properties located in the
30 RISE zone; providing for the amount of the credit; requiring the State
31 Department of Assessments and Taxation to allocate the amount of credit based
32 on the use of the property; providing for an enhanced credit for properties
33 located in certain enterprise zones or certain focus areas; authorizing the
34 governing body of a county or municipal corporation to alter the amount of the
35 credit; providing that the credit may not be claimed for more than a certain
36 number of years; requiring the Secretary to make certain certifications;
37 requiring the State Department of Assessments and Taxation to submit a
38 certain list to the Secretary; ~~allowing entities locating in certain zones to alter~~
39 ~~the calculation of a certain Maryland income tax modification for depreciation of~~
40 ~~certain property to provide an additional allowance for the taxable year the~~
41 ~~property is placed in service;~~ making entities that locate in certain zones eligible
42 to claim certain income tax credits for entities that employ qualified individuals
43 in enterprise zones or focus areas; authorizing the Mayor and City Council of
44 Baltimore City to use certain authority granted under State law to a political
45 subdivision for tax increment financing in a certain zone; requiring the
46 Comptroller to prepare a certain report; requiring the Department of Business
47 and Economic Development to convene a certain group to provide certain advice;

1 altering, subject to certain approval, the taxable year in which certain property
 2 initially becomes qualified property for certain enterprise zone property tax
 3 credits; authorizing and requiring the Secretary to adopt certain regulations;
 4 providing for the application of certain provisions of this Act; declaring the
 5 intent of the General Assembly; defining certain terms; and generally relating
 6 to the creation of the Regional Institution Strategic Enterprise Zone Program.

7 BY repealing and reenacting, with amendments,
 8 Article – Economic Development
 9 Section 5–102(9) and (10), 12–203(a) and (c), 12–207(a), 12–208(a), 12–209,
 10 12–210, and 12–211
 11 Annotated Code of Maryland
 12 (2008 Volume and 2013 Supplement)

13 BY adding to
 14 Article – Economic Development
 15 Section 5–102(10); ~~and 5–1401 through 5–1406~~ 5–1407 to be under the new
 16 subtitle “Subtitle 14. Regional Institution Strategic Enterprise Zone
 17 Program”; 12–201(n–1) and 12–207(e)
 18 Annotated Code of Maryland
 19 (2008 Volume and 2013 Supplement)

20 BY repealing and reenacting, without amendments,
 21 Article – Economic Development
 22 Section 12–201(a)
 23 Annotated Code of Maryland
 24 (2008 Volume and 2013 Supplement)

25 BY repealing and reenacting, with amendments,
 26 Article – Tax – Property
 27 Section 9–103(e)(1)
 28 Annotated Code of Maryland
 29 (2012 Replacement Volume and 2013 Supplement)

30 BY adding to
 31 Article – Tax – Property
 32 Section 9–103.1
 33 Annotated Code of Maryland
 34 (2012 Replacement Volume and 2013 Supplement)

35 ~~BY adding to~~
 36 ~~Article – Tax – General~~
 37 ~~Section 10–210.1(e)~~
 38 ~~Annotated Code of Maryland~~
 39 ~~(2010 Replacement Volume and 2013 Supplement)~~

40 ~~BY repealing and reenacting, without amendments,~~

1 ~~Article – Tax – General~~
 2 ~~Section 10–310~~
 3 ~~Annotated Code of Maryland~~
 4 ~~(2010 Replacement Volume and 2013 Supplement)~~

5 BY repealing and reenacting, with amendments,
 6 Article – Tax – General
 7 Section 10–702
 8 Annotated Code of Maryland
 9 (2010 Replacement Volume and 2013 Supplement)

10 BY adding to
 11 The Charter of Baltimore City
 12 Article II
 13 Section (62)(l) and (62A)(u)
 14 (2007 Replacement Volume, as amended)

15 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF
 16 MARYLAND, That the Laws of Maryland read as follows:

17 **Article – Economic Development**

18 5–102.

19 The Department shall administer the State’s economic development and
 20 financial assistance programs and funds including:

21 (9) jointly with the Department of Housing and Community
 22 Development, the Community Development Block Grant for Economic Development;
 23 [and]

24 **(10) THE REGIONAL INSTITUTION STRATEGIC ENTERPRISE ZONE**
 25 **PROGRAM UNDER SUBTITLE 14 OF THIS TITLE; AND**

26 **[(10)] (11)** any other programs or funds designated by statute, the
 27 Governor, or the Secretary.

28 **SUBTITLE 14. REGIONAL INSTITUTION STRATEGIC ENTERPRISE ZONE**
 29 **PROGRAM.**

30 5–1401.

31 **(A) IN THIS SUBTITLE THE FOLLOWING WORDS HAVE THE MEANINGS**
 32 **INDICATED.**

1 **(B) “AREA” MEANS A GEOGRAPHIC AREA IN ONE OR MORE POLITICAL**
 2 **SUBDIVISIONS IN THE STATE DESCRIBED BY A CLOSED PERIMETER BOUNDARY.**

3 **(C) “NONPROFIT ORGANIZATION” MEANS AN ORGANIZATION THAT IS**
 4 **EXEMPT OR ELIGIBLE FOR EXEMPTION FROM TAXATION UNDER § 501(C)(3) OF**
 5 **THE INTERNAL REVENUE CODE.**

6 ~~**(D) “PUBLIC SCHOOL” HAS THE MEANING STATED IN § 1-101 OF THE**~~
 7 ~~**EDUCATION ARTICLE.**~~

8 ~~**(E) (D)**~~ **“QUALIFIED INSTITUTION” MEANS AN ENTITY THAT IS**
 9 **DESIGNATED AS A QUALIFIED INSTITUTION UNDER § 5-1403 OF THIS SUBTITLE**
 10 **AND MAY INCLUDE:**

11 **(1) ~~A PUBLIC SCHOOL;~~**

12 ~~**(2) A NONPROFIT ORGANIZATION THAT IS AFFILIATED WITH NEW**~~
 13 ~~**CONSTRUCTION OR RENOVATION OF A PUBLIC SCHOOL A REGIONAL HIGHER**~~
 14 ~~**EDUCATION CENTER AS DEFINED UNDER § 10-101 OF THE EDUCATION**~~
 15 ~~**ARTICLE;**~~

16 ~~**(3) (2)**~~ **AN INSTITUTION OF HIGHER EDUCATION AS DEFINED**
 17 **UNDER § 10-101 OF THE EDUCATION ARTICLE; OR**

18 ~~**(4) (3)**~~ **A NONPROFIT ORGANIZATION THAT IS AFFILIATED WITH**
 19 **A FEDERAL AGENCY.**

20 ~~**(F) (E)**~~ **“RISE ZONE” MEANS ~~AN~~ A GEOGRAPHIC AREA IN IMMEDIATE**
 21 **PROXIMITY TO A QUALIFIED INSTITUTION THAT IS TARGETED FOR INCREASED**
 22 **ECONOMIC AND COMMUNITY DEVELOPMENT THAT MEETS THE REQUIREMENTS**
 23 **OF § 5-1404 OF THIS SUBTITLE AND IS DESIGNATED AS A ~~RISE~~ REGIONAL**
 24 **INSTITUTION STRATEGIC ENTERPRISE ZONE BY THE SECRETARY UNDER §**
 25 **5-1404 OF THIS SUBTITLE.**

26 **5-1402.**

27 **THE PURPOSE OF THE REGIONAL INSTITUTION STRATEGIC ENTERPRISE**
 28 **ZONE PROGRAM IS TO ACCESS INSTITUTIONAL ASSETS THAT HAVE A STRONG**
 29 **AND DEMONSTRATED HISTORY OF COMMITMENT TO ECONOMIC DEVELOPMENT**
 30 **AND REVITALIZATION IN THE COMMUNITIES IN WHICH THEY ARE LOCATED.**

31 **5-1403.**

1 (A) AN INSTITUTION MAY APPLY TO THE SECRETARY TO BE
2 DESIGNATED AS A QUALIFIED INSTITUTION.

3 (B) TO BE ELIGIBLE FOR DESIGNATION AS A QUALIFIED INSTITUTION,
4 THE APPLICANT SHALL:

5 (1) EVIDENCE AN INTENTION:

6 (I) TO MAKE A SIGNIFICANT FINANCIAL INVESTMENT OR
7 COMMITMENT IN AN AREA OF THE STATE THAT THE APPLICANT INTENDS TO
8 BECOME A RISE ZONE;

9 (II) TO USE THE RESOURCES AND EXPERTISE OF THE
10 APPLICANT TO SPUR ECONOMIC DEVELOPMENT AND COMMUNITY
11 REVITALIZATION IN AN AREA OF THE STATE THAT THE APPLICANT INTENDS TO
12 BECOME A RISE ZONE; AND

13 (III) TO CREATE A SIGNIFICANT NUMBER OF NEW JOBS
14 WITHIN AN AREA OF THE STATE THAT THE APPLICANT INTENDS TO BECOME A
15 RISE ZONE;

16 (2) HAVE A DEMONSTRATED HISTORY OF COMMUNITY
17 INVOLVEMENT AND ECONOMIC DEVELOPMENT WITHIN THE COMMUNITIES THAT
18 THE APPLICANT SERVES; AND

19 (3) MEET THE MINIMUM FINANCIAL QUALIFICATIONS
20 ESTABLISHED BY THE SECRETARY.

21 (C) IF THE APPLICANT IS A NONPROFIT ORGANIZATION THAT IS NOT AN
22 INSTITUTION OF HIGHER EDUCATION, THE APPLICATION SHALL DEMONSTRATE
23 ~~AND ESTABLISH AN AFFILIATION WITH:~~

24 ~~(1) A FEDERAL AGENCY; OR~~

25 ~~(2) THE PROPOSED CONSTRUCTION OR RENOVATION OF A PUBLIC~~
26 ~~SCHOOL.~~

27 (D) (1) IN ADDITION TO THE REQUIREMENTS UNDER SUBSECTION (B)
28 OF THIS SECTION, THE SECRETARY MAY ESTABLISH BY REGULATION ANY
29 OTHER REQUIREMENTS NECESSARY AND APPROPRIATE IN ORDER FOR AN
30 APPLICANT TO BE DESIGNATED AS A QUALIFIED INSTITUTION.

1 **(2) THE SECRETARY SHALL ADOPT REGULATIONS THAT**
2 **ESTABLISH FACTORS FOR EVALUATING APPLICATIONS UNDER SUBSECTION (B)**
3 **OF THIS SECTION.**

4 **(E) IN THE FORM AND CONTENT ACCEPTABLE TO THE SECRETARY, AN**
5 **APPLICANT SHALL SUBMIT TO THE SECRETARY AN APPLICATION THAT**
6 **CONTAINS THE INFORMATION THAT THE SECRETARY CONSIDERS NECESSARY**
7 **TO EVALUATE THE REQUEST FOR DESIGNATION AS A QUALIFIED INSTITUTION.**

8 **(F) (1) WITHIN 90 DAYS AFTER SUBMISSION OF AN APPLICATION**
9 **UNDER THIS SECTION, THE SECRETARY SHALL APPROVE OR REJECT THE**
10 **APPLICATION OF AN INSTITUTION TO BE DESIGNATED AS A QUALIFIED**
11 **INSTITUTION.**

12 **(2) AT LEAST 30 DAYS BEFORE APPROVAL OR REJECTION OF AN**
13 **APPLICATION UNDER THIS SECTION, THE SECRETARY SHALL NOTIFY THE**
14 **LEGISLATIVE POLICY COMMITTEE.**

15 **(3) THE LEGISLATIVE POLICY COMMITTEE MAY PROVIDE ADVICE**
16 **TO THE SECRETARY REGARDING THE APPROVAL OR REJECTION OF AN**
17 **INSTITUTION AS A QUALIFIED INSTITUTION.**

18 **5-1404.**

19 **(A) ON OR AFTER JULY 1, 2015, A QUALIFIED INSTITUTION ~~MAY~~ SHALL**
20 **APPLY JOINTLY WITH A COUNTY, A MUNICIPAL CORPORATION, OR THE**
21 **ECONOMIC DEVELOPMENT AGENCY OF A COUNTY OR MUNICIPAL CORPORATION**
22 **TO THE SECRETARY TO DESIGNATE AN AREA AS A ~~RISE~~ REGIONAL**
23 **INSTITUTION STRATEGIC ENTERPRISE ZONE.**

24 **(B) THE APPLICATION SHALL:**

25 **(1) BE IN THE FORM AND CONTAIN THE INFORMATION THAT THE**
26 **SECRETARY REQUIRES BY REGULATION;**

27 **(2) STATE THE BOUNDARIES OF THE AREA OF THE PROPOSED**
28 **RISE ZONE; ~~AND~~**

29 **(3) DESCRIBE THE NEXUS OF THE RISE ZONE WITH THE**
30 **QUALIFIED INSTITUTION; AND**

31 **~~(3)~~ (4) CONTAIN A PLAN THAT IDENTIFIES THE TARGET**
32 **STRATEGY ~~FOR~~ AND ANTICIPATED ECONOMIC IMPACTS OF THE RISE ZONE.**

1 (C) THE SECRETARY MAY ESTABLISH, BY REGULATION, ANY OTHER
2 REQUIREMENTS NECESSARY AND APPROPRIATE FOR AN AREA TO BE
3 DESIGNATED AS A RISE ZONE.

4 (D) (1) UNLESS A COUNTY IN WHICH A MUNICIPAL CORPORATION IS
5 LOCATED AGREES TO DESIGNATION OF A RISE ZONE IN THE MUNICIPAL
6 CORPORATION, QUALIFIED PROPERTY IN THE MUNICIPAL CORPORATION MAY
7 NOT RECEIVE A TAX CREDIT AGAINST COUNTY PROPERTY TAX.

8 (2) UNLESS A MUNICIPAL CORPORATION LOCATED WITHIN A
9 COUNTY AGREES TO DESIGNATION OF A RISE ZONE WITHIN ITS BOUNDARIES,
10 QUALIFIED PROPERTY IN THE COUNTY MAY NOT RECEIVE A TAX CREDIT
11 AGAINST THE MUNICIPAL PROPERTY TAX.

12 ~~(D)~~ (E) (1) WITHIN ~~90~~ 120 DAYS AFTER SUBMISSION OF AN
13 APPLICATION UNDER THIS SECTION, THE SECRETARY SHALL:

14 (I) APPROVE OR REJECT AN APPLICATION FOR
15 DESIGNATION OF A RISE ZONE, INCLUDING APPROVAL OR MODIFICATION OF
16 THE PROPOSED BOUNDARIES OF THE RISE ZONE; AND

17 (II) DEFINE THE BOUNDARIES OF THE APPROVED RISE
18 ZONE.

19 (2) AT LEAST ~~60~~ 45 DAYS BEFORE APPROVAL OR REJECTION OF
20 AN APPLICATION UNDER THIS SECTION, THE SECRETARY SHALL NOTIFY:

21 ~~(I)~~ THE LEGISLATIVE POLICY COMMITTEE; ~~AND~~

22 ~~(II) THE GOVERNING BODY OF THE COUNTY OR MUNICIPAL~~
23 ~~CORPORATION IN WHICH THE PROPOSED RISE ZONE IS LOCATED.~~

24 (3) THE LEGISLATIVE POLICY COMMITTEE ~~OR THE GOVERNING~~
25 ~~BODY OF THE COUNTY OR MUNICIPAL CORPORATION IN WHICH THE RISE ZONE~~
26 ~~IS LOCATED~~ MAY PROVIDE ADVICE TO THE SECRETARY REGARDING:

27 (I) THE APPROVAL OR REJECTION OF THE RISE ZONE; OR

28 (II) THE BOUNDARIES OF THE RISE ZONE PROPOSED BY
29 THE SECRETARY.

30 (F) (1) (I) SUBJECT TO SUBPARAGRAPH (II) OF THIS PARAGRAPH,
31 THE DESIGNATION OF AN AREA AS A RISE ZONE IS EFFECTIVE FOR 5 YEARS.

1 (II) UPON A JOINT APPLICATION OF A QUALIFIED
2 INSTITUTION, A COUNTY AND, IF APPLICABLE, A MUNICIPAL CORPORATION, OR
3 THE ECONOMIC DEVELOPMENT AGENCY OF A COUNTY OR MUNICIPAL
4 CORPORATION, THE SECRETARY MAY RENEW A RISE ZONE FOR AN ADDITIONAL
5 5 YEARS.

6 (2) THE SECRETARY MAY NOT APPROVE MORE THAN THREE
7 RISE ZONES IN A SINGLE COUNTY OR MUNICIPAL CORPORATION.

8 (G) (1) A RISE ZONE MAY NOT BE REQUIRED TO BE IN THE
9 IMMEDIATE GEOGRAPHIC PROXIMITY OF A QUALIFIED INSTITUTION IF AN
10 APPROPRIATE NEXUS FOR THE INCREASED ECONOMIC AND COMMUNITY
11 DEVELOPMENT IS ESTABLISHED WITH THE QUALIFIED ORGANIZATION.

12 (2) IF THE PROPOSED RISE ZONE IS IN A RURAL PART OF THE
13 STATE, A QUALIFIED INSTITUTION MAY NOT BE REQUIRED TO BE IN THE
14 IMMEDIATE AREA OF THE RISE ZONE.

15 (H) THE SECRETARY MAY NOT DESIGNATE A RISE ZONE IN:

16 (1) A DEVELOPMENT DISTRICT ESTABLISHED UNDER TITLE 12,
17 SUBTITLE 2 OF THIS ARTICLE; OR

18 (2) A SPECIAL TAXING DISTRICT ESTABLISHED UNDER TITLE 21
19 OF THE LOCAL GOVERNMENT ARTICLE OR SECTION 62A OF THE BALTIMORE
20 CITY CHARTER.

21 (I) THE DESIGNATION OF AN AREA AS A RISE ZONE MAY NOT BE
22 CONSTRUED TO LIMIT OR SUPERSEDE A PROVISION OF A COMPREHENSIVE
23 PLAN, ZONING ORDINANCE, OR OTHER LAND USE POLICY ADOPTED BY A
24 COUNTY, MUNICIPAL CORPORATION, OR BICOUNTY AGENCY WITH LAND USE
25 AUTHORITY OVER THE AREA DESIGNATED AS A RISE ZONE.

26 5-1405.

27 (A) THE SECRETARY SHALL ASSIGN TO A RISE ZONE A BUSINESS AND
28 COMMUNITY DEVELOPMENT CONCIERGE WHO IS AN EMPLOYEE OF THE
29 DEPARTMENT.

30 (B) A BUSINESS AND COMMUNITY DEVELOPMENT CONCIERGE SHALL
31 ASSIST ENTITIES LOCATING IN THE RISE ZONE WITH:

32 (1) STATE, COUNTY, OR MUNICIPAL CORPORATION PERMIT AND
33 LICENSE APPLICATIONS;

1 (2) ACCESSING EXISTING PROGRAMS AT THE DEPARTMENT, THE
2 DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT, THE
3 DEPARTMENT OF LABOR, LICENSING, AND REGULATION, THE MARYLAND
4 TECHNOLOGY DEVELOPMENT CORPORATION, OR THE DEPARTMENT OF
5 TRANSPORTATION; AND

6 (3) ANY OTHER ACTIVITIES THE SECRETARY AUTHORIZES THAT
7 RELATE TO THE DEVELOPMENT OF THE RISE ZONE.

8 5-1406.

9 (A) (1) TO THE EXTENT PROVIDED FOR IN THIS SECTION, A BUSINESS
10 ENTITY THAT LOCATES IN A RISE ZONE IS ENTITLED TO:

11 (I) THE PROPERTY TAX CREDIT UNDER § 9-103.1 OF THE
12 TAX – PROPERTY ARTICLE;

13 (II) THE INCOME TAX CREDIT UNDER § 10-702 OF THE TAX –
14 GENERAL ARTICLE; AND

15 ~~(III) THE INCOME TAX MODIFICATION UNDER § 10-210.1(C)~~
16 ~~OF THE TAX – GENERAL ARTICLE; AND~~

17 ~~(IV)~~ (III) PRIORITY CONSIDERATION FOR FINANCIAL
18 ASSISTANCE FROM PROGRAMS IN SUBTITLE 1 OF THIS TITLE.

19 (2) FOR PURPOSES OF THE INCOME TAX CREDIT AUTHORIZED
20 UNDER PARAGRAPH (1)(II) OF THIS SUBSECTION, THE BUSINESS ENTITY IS
21 TREATED AS BEING LOCATED IN AN ENTERPRISE ZONE.

22 (B) A BUSINESS ENTITY THAT MOVES INTO OR LOCATES IN A RISE
23 ZONE ON OR AFTER THE DATE THAT THE ZONE IS DESIGNATED UNDER THIS
24 SUBTITLE MAY QUALIFY FOR THE INCENTIVES UNDER THIS SECTION.

25 (C) A BUSINESS ENTITY MAY NOT QUALIFY FOR THE INCENTIVES UNDER
26 SUBSECTION (A) OF THIS SECTION UNLESS THE DEPARTMENT, IN
27 CONSULTATION WITH THE COUNTY OR MUNICIPAL CORPORATION IN WHICH A
28 RISE ZONE IS LOCATED, CERTIFIES THE BUSINESS ENTITY AND ITS LOCATION
29 AS CONSISTENT WITH THE TARGET STRATEGY OF THE RISE ZONE.

30 (D) (1) UNLESS A BUSINESS ENTITY MAKES A SIGNIFICANT CAPITAL
31 INVESTMENT OR EXPANSION OF ITS LABOR FORCE AFTER A RISE ZONE IS
32 DESIGNATED, THE INCENTIVES UNDER THIS SECTION ARE NOT AVAILABLE TO A

1 BUSINESS ENTITY THAT WAS IN A RISE ZONE BEFORE THE DATE THAT THE
2 ZONE IS DESIGNATED.

3 (2) THE DEPARTMENT SHALL ADOPT REGULATIONS
4 ESTABLISHING FACTORS TO DETERMINE IF A BUSINESS ENTITY MAKES A
5 SIGNIFICANT CAPITAL INVESTMENT OR EXPANSION OF ITS LABOR FORCE
6 UNDER PARAGRAPH (1) OF THIS SUBSECTION.

7 5-1407.

8 (A) THE DEPARTMENT AND THE COMPTROLLER JOINTLY SHALL
9 ASSESS EACH YEAR THE EFFECTIVENESS OF THE TAX INCENTIVES PROVIDED TO
10 BUSINESS ENTITIES IN RISE ZONES, INCLUDING:

11 (1) THE NUMBER AND AMOUNTS OF TAX INCENTIVES GRANTED
12 EACH YEAR; AND

13 (2) THE SUCCESS OF THE TAX INCENTIVES IN ATTRACTING AND
14 RETAINING BUSINESS ENTITIES IN RISE ZONES.

15 (B) ON OR BEFORE DECEMBER 15 OF EACH YEAR, THE DEPARTMENT
16 AND THE COMPTROLLER SHALL SUBMIT TO THE GOVERNOR AND, IN
17 ACCORDANCE WITH § 2-1246 OF THE STATE GOVERNMENT ARTICLE, THE
18 SENATE BUDGET AND TAXATION COMMITTEE, THE HOUSE COMMITTEE ON
19 WAYS AND MEANS, AND THE TAX CREDIT EVALUATION COMMITTEE A REPORT
20 OUTLINING THE FINDINGS OF THE DEPARTMENT AND THE COMPTROLLER AND
21 ANY OTHER INFORMATION OF VALUE IN DETERMINING THE EFFECTIVENESS OF
22 THE TAX INCENTIVES AUTHORIZED UNDER THIS SUBTITLE.

23 12-201.

24 (a) In this subtitle the following words have the meanings indicated.

25 (N-1) “RISE ZONE” MEANS AN AREA DESIGNATED AS A REGIONAL
26 INSTITUTION STRATEGIC ENTERPRISE ZONE UNDER § 5-1404 OF THIS ARTICLE.

27 12-203.

28 (a) Before issuing bonds, the governing body of the political subdivision shall:

29 (1) by resolution:

30 (i) designate a contiguous area within its jurisdiction as a
31 development district; [or]

1 (ii) identify an area that has been designated a sustainable
2 community; OR

3 (III) IDENTIFY AN AREA THAT HAS BEEN DESIGNATED A
4 RISE ZONE;

5 (2) receive from the Supervisor of Assessments a certification of the
6 amount of the original base, or if applicable, the adjusted assessable base; and

7 (3) pledge that until the bonds are fully paid, or a longer period, the
8 real property taxes in the development district, A RISE ZONE, or a sustainable
9 community shall be divided as follows:

10 (i) the portion of the taxes that would be produced at the
11 current tax rate on the original taxable value base shall be paid to the respective
12 taxing authorities in the same manner as taxes on other property are paid; and

13 (ii) the portion of the taxes on the tax increment that normally
14 would be paid into the general fund of the political subdivision shall be paid into the
15 special fund established under § 12–208 of this subtitle and applied in accordance with
16 § 12–209 of this subtitle.

17 (c) The establishment or identification by a county of a development district,
18 A RISE ZONE, or a sustainable community that is wholly or partly in a municipal
19 corporation shall also require a resolution approving the development district, RISE
20 ZONE, or sustainable community by the governing body of the municipal corporation.

21 12–207.

22 (a) Except as provided in [subsection (b)] SUBSECTIONS (B) AND (E) of this
23 section, bond proceeds may be used only:

24 (1) to buy, lease, condemn, or otherwise acquire property, or an
25 interest in property:

26 (i) in the development district, A RISE ZONE, or a sustainable
27 community; or

28 (ii) needed for a right-of-way or other easement to or from the
29 development district, A RISE ZONE, or a sustainable community;

30 (2) for site removal;

31 (3) for surveys and studies;

32 (4) to relocate businesses or residents;

1 (5) to install utilities, construct parks and playgrounds, and for other
2 needed improvements including:

3 (i) roads to, from, or in the development district;

4 (ii) parking; and

5 (iii) lighting;

6 (6) to construct or rehabilitate buildings for a governmental purpose
7 or use;

8 (7) for reserves or capitalized interest;

9 (8) for necessary costs to issue bonds; and

10 (9) to pay the principal of and interest on loans, advances, or
11 indebtedness that a political subdivision incurs for a purpose specified in this section.

12 **(E) (1) THIS SUBSECTION APPLIES TO A RISE ZONE IDENTIFIED**
13 **UNDER § 12-203 OF THIS SUBTITLE.**

14 **(2) IN ADDITION TO THE PURPOSES UNDER SUBSECTION (A) OF**
15 **THIS SECTION AND WITHOUT LIMITING THE PURPOSES IN SUBSECTION (A) OF**
16 **THIS SECTION, BOND PROCEEDS MAY BE USED IN A RISE ZONE FOR:**

17 **(I) HISTORIC PRESERVATION OR REHABILITATION;**

18 **(II) ENVIRONMENTAL REMEDIATION, DEMOLITION, AND**
19 **SITE PREPARATION;**

20 **(III) PARKING LOTS, FACILITIES, OR STRUCTURES OF ANY**
21 **TYPE WHETHER FOR PUBLIC OR PRIVATE USE;**

22 **(IV) SCHOOLS;**

23 **(V) AFFORDABLE OR MIXED INCOME HOUSING;**

24 **(VI) STORMWATER MANAGEMENT AND STORM DRAIN**
25 **FACILITIES;**

26 **(VII) INNOVATION CENTERS AND LABORATORY FACILITIES,**
27 **OR STRUCTURES OF ANY TYPE WHETHER FOR PUBLIC OR PRIVATE USE,**
28 **INCLUDING MAINTENANCE AND INSTALLATION OF IMPROVEMENTS IN THE**

1 STRUCTURES AND SERVICES THAT SUPPORT THE PURPOSES OF THE RISE ZONE
2 PROGRAM; AND

3 (VIII) ANY OTHER FACILITIES OR STRUCTURES OF ANY TYPE
4 WHETHER FOR PUBLIC OR PRIVATE USE THAT SUPPORT THE PURPOSES OF THE
5 RISE ZONE PROGRAM.

6 12-208.

7 (a) The governing body of a political subdivision may adopt a resolution
8 creating a special fund for a development district, A RISE ZONE, or a sustainable
9 community even though no bonds:

10 (1) have been issued for the development district, THE RISE ZONE,
11 or the sustainable community; or

12 (2) are outstanding at the time of adoption.

13 12-209.

14 (a) Subject to subsection (c) of this section, the special fund for the
15 development district, THE RISE ZONE, or the sustainable community may be used for
16 any of the following purposes as determined by the governing body of the political
17 subdivision:

18 (1) a purpose specified in § 12-207 of this subtitle;

19 (2) accumulated to pay debt service on bonds to be issued later;

20 (3) payment or reimbursement of debt service, or payments under an
21 agreement described in subsection (b) of this section, that the political subdivision is
22 obliged under a general or limited obligation to pay, or has paid, on or relating to
23 bonds issued by the State, a political subdivision, or the revenue authority of Prince
24 George's County if the proceeds were used for a purpose specified in § 12-207 of this
25 subtitle; or

26 (4) payment to the political subdivision for any other legal purpose.

27 (b) (1) Subject to paragraph (2) of this subsection, the political subdivision
28 that has created a special fund for a development district, A RISE ZONE, or a
29 sustainable community may pledge under an agreement that amounts deposited to the
30 special fund shall be paid over to secure payment on MEDCO obligations.

31 (2) The agreement shall:

32 (i) be in writing;

1 (ii) be executed by the political subdivision making the pledge,
2 the Maryland Economic Development Corporation, and the other persons that the
3 governing body of the political subdivision determines; and

4 (iii) run to the benefit of and be enforceable on behalf of the
5 holders of the MEDCO obligations secured by the agreement.

6 (c) If bonds are outstanding with respect to a development district, **A RISE**
7 **ZONE**, or a sustainable community, the special fund may be used as described in
8 subsection (a) of this section in any fiscal year only if:

9 (1) the balance of the special fund exceeds the unpaid debt service
10 payable on the bonds in the fiscal year; and

11 (2) the special fund is not restricted so as to prohibit the use.

12 (d) The issuance of bonds pledging the full faith and credit of the political
13 subdivision shall comply with appropriate county or municipal charter requirements.

14 12-210.

15 (a) (1) Subject to paragraph (2) of this subsection, the governing body of a
16 political subdivision that is not the issuer may pledge under an agreement that its
17 property taxes levied on the tax increment shall be paid into the special fund for the
18 development district, **A RISE ZONE**, or a sustainable community.

19 (2) The agreement shall:

20 (i) be in writing;

21 (ii) be executed by the governing bodies of the issuer and the
22 political subdivision making the pledge; and

23 (iii) run to the benefit of and be enforceable on behalf of any
24 bondholder.

25 (b) The governing body of Prince George's County may also pledge hotel
26 rental tax revenues to the special fund.

27 (c) The governing body of a political subdivision, including the issuer, may
28 pledge by or under a resolution, including by an agreement with the issuer, as
29 applicable, that alternative local tax revenues generated within, or that are otherwise
30 determined to be attributable to, a development district that is a transit-oriented
31 development, **A RISE ZONE**, a sustainable community, or a State hospital
32 redevelopment be paid, as provided in the resolution, into the special fund to:

1 (1) secure the payment of debt service on bonds or MEDCO
2 obligations; or

3 (2) be applied to the other purposes stated in § 12-209 of this subtitle.
4 12-211.

5 (a) The principal amount of bonds, interest payable on bonds, the transfer of
6 bonds, and income from bonds, including profit made in the sale or transfer of bonds,
7 are exempt from State and local taxes.

8 (b) If a political subdivision leases as a lessor its property within a
9 development district, A **RISE ZONE**, or a sustainable community:

10 (1) the property shall be assessed and taxed in the same manner as
11 privately owned property; and

12 (2) the lease shall require the lessee to pay taxes or payments in lieu
13 of taxes on the assessed value of the entire property and not only on the assessed
14 value of the leasehold interest.

Article – Tax – Property

9-103.1.

17 (A) (1) IN THIS SECTION THE FOLLOWING WORDS HAVE THE
18 MEANINGS INDICATED.

19 (2) “BASE YEAR” MEANS THE TAXABLE YEAR IMMEDIATELY
20 BEFORE THE TAXABLE YEAR IN WHICH A PROPERTY TAX CREDIT UNDER THIS
21 SECTION IS TO BE GRANTED.

22 (3) (I) “BASE YEAR VALUE” MEANS THE VALUE OF THE
23 PROPERTY USED TO DETERMINE THE ASSESSMENT ON WHICH THE PROPERTY
24 TAX ON REAL PROPERTY WAS IMPOSED FOR THE BASE YEAR.

25 (II) “BASE YEAR VALUE” DOES NOT INCLUDE ANY NEW REAL
26 PROPERTY THAT WAS FIRST ASSESSED IN THE BASE YEAR.

27 (4) (I) “BUSINESS ENTITY” MEANS A PERSON WHO OPERATES
28 OR CONDUCTS A TRADE OR BUSINESS.

29 (II) “BUSINESS ENTITY” INCLUDES A PERSON WHO OWNS,
30 OPERATES, DEVELOPS, CONSTRUCTS, OR REHABILITATES REAL PROPERTY IF
31 THE REAL PROPERTY:

1 1. IS INTENDED FOR USE PRIMARILY AS SINGLE OR
2 MULTIFAMILY RESIDENTIAL PROPERTY LOCATED IN A REGIONAL INSTITUTION
3 STRATEGIC ENTERPRISE ZONE THAT IS DESIGNATED UNDER TITLE 5,
4 SUBTITLE 14 OF THE ECONOMIC DEVELOPMENT ARTICLE; AND

5 2. IS PARTIALLY DEVOTED TO A NONRESIDENTIAL
6 USE.

7 (5) (I) “ELIGIBLE ASSESSMENT” MEANS THE DIFFERENCE
8 BETWEEN THE BASE YEAR VALUE AND THE ACTUAL VALUE AS DETERMINED BY
9 THE DEPARTMENT FOR THE APPLICABLE TAXABLE YEAR IN WHICH THE TAX
10 CREDIT UNDER THIS SECTION IS TO BE GRANTED.

11 (II) FOR A BUSINESS ENTITY THAT IS LOCATED ON LAND OR
12 WITHIN IMPROVEMENTS OWNED BY THE FEDERAL, STATE, COUNTY, OR
13 MUNICIPAL GOVERNMENT, “ELIGIBLE ASSESSMENT” MEANS THE DIFFERENCE
14 BETWEEN THE BASE YEAR VALUE AND THE ACTUAL VALUE REDUCED BY THE
15 VALUE OF ANY PROPERTY ENTITLED TO AN EXEMPTION UNDER TITLE 7 OF THIS
16 ARTICLE AS DETERMINED BY THE DEPARTMENT FOR THE APPLICABLE TAXABLE
17 YEAR IN WHICH THE TAX CREDIT UNDER THIS SECTION IS TO BE GRANTED.

18 (6) “QUALIFIED PROPERTY” MEANS REAL PROPERTY THAT IS:

19 (I) NOT USED FOR RESIDENTIAL PURPOSES;

20 (II) USED IN A TRADE OR BUSINESS BY A BUSINESS ENTITY;

21 AND

22 (III) LOCATED IN A REGIONAL INSTITUTION STRATEGIC
23 ENTERPRISE ZONE THAT IS DESIGNATED UNDER TITLE 5, SUBTITLE 14 OF THE
24 ECONOMIC DEVELOPMENT ARTICLE.

25 (B) THE GOVERNING BODY OF A COUNTY OR OF A MUNICIPAL
26 CORPORATION SHALL GRANT A TAX CREDIT UNDER THIS SECTION AGAINST THE
27 PROPERTY TAX IMPOSED ON THE ELIGIBLE ASSESSMENT OF QUALIFIED
28 PROPERTY.

29 (C) (1) ~~THE~~ EXCEPT AS OTHERWISE PROVIDED IN THIS SUBSECTION,
30 THE APPROPRIATE GOVERNING BODY SHALL CALCULATE THE AMOUNT OF THE
31 TAX CREDIT UNDER THIS SECTION EQUAL TO A PERCENTAGE OF THE AMOUNT
32 OF PROPERTY TAX IMPOSED ON THE ELIGIBLE ASSESSMENT OF THE QUALIFIED
33 PROPERTY AS FOLLOWS:

1 (I) ~~80% IN AT LEAST 50% EACH OF~~ IN THE FIRST ~~5~~ TAXABLE
2 ~~YEARS~~ YEAR FOLLOWING THE CALENDAR YEAR IN WHICH THE PROPERTY
3 INITIALLY BECOMES A QUALIFIED PROPERTY; AND

4 (II) ~~70% IN THE SIXTH TAXABLE YEAR; AND~~ AT LEAST 10% IN THE
5 SECOND THROUGH FIFTH TAXABLE YEARS.

6 ~~(III) 60% IN THE SEVENTH TAXABLE YEAR;~~

7 ~~(IV) 50% IN THE EIGHTH TAXABLE YEAR;~~

8 ~~(V) 40% IN THE NINTH TAXABLE YEAR; AND~~

9 ~~(VI) 30% IN THE TENTH TAXABLE YEAR.~~

10 (2) THE DEPARTMENT SHALL ALLOCATE THE ELIGIBLE
11 ASSESSMENT TO THE NONRESIDENTIAL PART OF THE QUALIFIED PROPERTY AT
12 THE SAME PERCENTAGE AS THE SQUARE FOOTAGE OF THE NONRESIDENTIAL
13 PART IS TO THE TOTAL SQUARE FOOTAGE OF THE BUILDING.

14 (3) FOR PURPOSES OF CALCULATING THE AMOUNT OF THE
15 CREDIT ALLOWED UNDER THIS SECTION, THE AMOUNT OF PROPERTY TAX
16 IMPOSED ON THE ELIGIBLE ASSESSMENT SHALL BE CALCULATED WITHOUT
17 REDUCTION FOR ANY CREDITS ALLOWED UNDER THIS TITLE.

18 (4) (I) FOR QUALIFIED PROPERTY LOCATED IN AN
19 ENTERPRISE ZONE DESIGNATED UNDER TITLE 5, SUBTITLE 7 OF THE
20 ECONOMIC DEVELOPMENT ARTICLE, THE APPROPRIATE GOVERNING BODY
21 SHALL CALCULATE THE AMOUNT OF THE TAX CREDIT UNDER THIS SECTION
22 EQUAL TO 80% OF THE AMOUNT OF PROPERTY TAX IMPOSED ON THE ELIGIBLE
23 ASSESSMENT OF THE QUALIFIED PROPERTY FOR EACH OF THE ~~10~~ 5 TAXABLE
24 YEARS FOLLOWING THE CALENDAR YEAR IN WHICH THE PROPERTY INITIALLY
25 BECOMES A QUALIFIED PROPERTY.

26 (II) FOR QUALIFIED PROPERTY LOCATED IN A FOCUS AREA
27 DESIGNATED UNDER § 5-706 OF THE ECONOMIC DEVELOPMENT ARTICLE, THE
28 APPROPRIATE GOVERNING BODY SHALL CALCULATE THE AMOUNT OF THE TAX
29 CREDIT UNDER THIS SECTION EQUAL TO 100% OF THE AMOUNT OF PROPERTY
30 TAX IMPOSED ON THE ELIGIBLE ASSESSMENT OF THE QUALIFIED PROPERTY
31 FOR EACH OF THE ~~10~~ 5 TAXABLE YEARS FOLLOWING THE CALENDAR YEAR IN
32 WHICH THE PROPERTY INITIALLY BECOMES A QUALIFIED PROPERTY.

33 (III) 1. IF A BUSINESS ENTITY IS CERTIFIED AS
34 CONSISTENT WITH THE TARGET STRATEGY OF THE RISE ZONE AND THE

1 QUALIFIED PROPERTY IS LOCATED IN AN ENTERPRISE ZONE OR FOCUS AREA,
2 THE AMOUNT OF THE REQUIRED REIMBURSEMENT UNDER § 9-103(H) OF THIS
3 SUBTITLE MAY ONLY BE FOR THE AMOUNT REQUIRED FOR THE REQUIRED
4 PROPERTY TAX CREDITS UNDER § 9-103 OF THIS SUBTITLE.

5 **2. THE PROPERTY TAX CREDITS REQUIRED UNDER**
6 **SUBPARAGRAPHS (I) AND (II) OF THIS PARAGRAPH DO NOT ALTER THE AMOUNT**
7 **OF FUNDS REQUIRED TO BE REIMBURSED UNDER § 9-103(H) OF THIS SUBTITLE.**

8 **(5) THE GOVERNING BODY OF A COUNTY OR MUNICIPAL**
9 **CORPORATION MAY INCREASE, BY LOCAL LAW, THE PERCENTAGE UNDER**
10 **PARAGRAPH (1) OF THIS SUBSECTION.**

11 **(6) (I) IF A RISE ZONE IS RENEWED AS PROVIDED UNDER §**
12 **5-1404 OF THE ECONOMIC DEVELOPMENT ARTICLE, THE GOVERNING BODY OF**
13 **A COUNTY OR MUNICIPAL CORPORATION SHALL CALCULATE THE AMOUNT OF**
14 **THE TAX CREDIT UNDER THIS SECTION EQUAL TO AT LEAST 10% OF THE**
15 **AMOUNT OF PROPERTY TAX IMPOSED ON THE ELIGIBLE ASSESSMENT OF THE**
16 **QUALIFIED PROPERTY FOR THE SIXTH THROUGH TENTH TAXABLE YEARS.**

17 **(II) THE GOVERNING BODY OF A COUNTY OR MUNICIPAL**
18 **CORPORATION MAY INCREASE, BY LOCAL LAW, THE PERCENTAGE UNDER**
19 **SUBPARAGRAPH (I) OF THIS PARAGRAPH.**

20 **(D) (1) ~~A~~ EXCEPT AS PROVIDED IN SUBSECTION (C)(6) OF THIS**
21 **SECTION, A TAX CREDIT UNDER THIS SECTION IS AVAILABLE TO A QUALIFIED**
22 **PROPERTY FOR NO MORE THAN ~~10~~ 5 CONSECUTIVE YEARS BEGINNING WITH**
23 **THE TAXABLE YEAR FOLLOWING THE CALENDAR YEAR IN WHICH THE REAL**
24 **PROPERTY INITIALLY BECOMES A QUALIFIED PROPERTY.**

25 **(2) IF THE DESIGNATION OF A REGIONAL INSTITUTION**
26 **STRATEGIC ENTERPRISE ZONE EXPIRES, THE TAX CREDIT UNDER THIS SECTION**
27 **CONTINUES TO BE AVAILABLE TO A QUALIFIED PROPERTY.**

28 **(3) STATE PROPERTY TAX IMPOSED ON REAL PROPERTY IS NOT**
29 **AFFECTED BY THIS SECTION.**

30 **(E) WHEN A REGIONAL INSTITUTION STRATEGIC ENTERPRISE ZONE IS**
31 **DESIGNATED BY THE SECRETARY OF BUSINESS AND ECONOMIC**
32 **DEVELOPMENT, THE SECRETARY SHALL CERTIFY TO THE STATE DEPARTMENT**
33 **OF ASSESSMENTS AND TAXATION:**

1 (a) (1) In this section the following words have the meanings indicated.

2 (2) (i) “Business entity” means:

3 1. a person conducting or operating a trade or business;
4 or

5 2. an organization that is exempt from taxation under §
6 501(c)(3) or (4) of the Internal Revenue Code.

7 (ii) “Business entity” does not include a person owning,
8 operating, developing, constructing, or rehabilitating property intended for use
9 primarily as single or multifamily residential property located within the enterprise
10 zone.

11 (3) (I) “Enterprise zone” has the meaning stated in § 5–701 of the
12 Economic Development Article.

13 (II) **“ENTERPRISE ZONE” INCLUDES A REGIONAL**
14 **INSTITUTION STRATEGIC ENTERPRISE ZONE ESTABLISHED UNDER TITLE 5,**
15 **SUBTITLE 14 OF THE ECONOMIC DEVELOPMENT ARTICLE.**

16 (4) “Qualified employee” means an individual who:

17 (i) is a new employee or an employee rehired after being laid off
18 for more than one year by a business entity;

19 (ii) is employed by a business entity at least 35 hours each week
20 for at least 6 months before or during the taxable year for which the entity claims a
21 credit;

22 (iii) spends at least 50% of the hours under item (ii) of this
23 paragraph, either in the enterprise zone or on activities of the business entity
24 resulting directly from its location in the enterprise zone;

25 (iv) earns at least 150% of the federal minimum wage; and

26 (v) is hired by the business entity after the later of:

27 1. the date on which the enterprise zone is designated;
28 or

29 2. the date on which the business entity locates in the
30 enterprise zone.

31 (5) “Economically disadvantaged individual” means an individual who
32 is certified by provisions that the Department of Labor, Licensing, and Regulation

1 adopts as an individual who, before becoming employed by a business entity in an
2 enterprise zone:

3 (i) was both unemployed for at least 30 consecutive days and
4 qualified to participate in training activities for the economically disadvantaged under
5 Title II, Part B of the federal Workforce Investment Act or its successor; or

6 (ii) in the absence of an applicable federal act, met the criteria
7 for an economically disadvantaged individual that the Secretary of Labor, Licensing,
8 and Regulation sets.

9 (6) “Focus area” has the meaning stated in § 5–701 of the Economic
10 Development Article.

11 (7) “Focus area employee” means an individual who:

12 (i) is a new employee or an employee rehired after being laid off
13 for more than 1 year by a business entity;

14 (ii) is employed by a business entity at least 35 hours each week
15 for at least 12 months before or during the taxable year for which the entity claims a
16 credit;

17 (iii) spends at least 50 percent of the hours under item (ii) of this
18 paragraph either in the focus area or on activities of the business entity resulting
19 directly from its location in the focus area;

20 (iv) is hired by the business entity after the later of:

21 1. the date on which the focus area is designated; or

22 2. the date on which the business entity located in the
23 focus area; and

24 (v) earns at least 150 percent of the federal minimum wage.

25 (b) (1) Any business entity that is located in an enterprise zone and
26 satisfies the requirements of § 5–707 of the Economic Development Article may claim
27 a credit only against the State income tax for the wages specified in subsections (c)
28 and (d) of this section that are paid in the taxable year for which the entity claims the
29 credit.

30 (2) A business entity that is located in a focus area and satisfies the
31 requirements of § 5–707 of the Economic Development Article may claim a credit only
32 against the State income tax for the wages specified in subsection (e) of this section
33 that are paid to a focus area employee in the taxable year for which the entity claims
34 the credit.

1 (3) An organization that is exempt from taxation under § 501(c)(3) or
2 (4) of the Internal Revenue Code may apply the credit under this section as a credit
3 against income tax due on unrelated business taxable income as provided under §§
4 10–304 and 10–812 of this title.

5 (c) If a business entity does not claim an enhanced tax credit under
6 subsection (e) of this section for a focus area employee, for the taxable year in which a
7 business entity satisfies the requirements of § 5–707 OR § 5–1406 of the Economic
8 Development Article, a credit is allowed that equals:

9 (1) up to \$3,000 of the wages paid to each qualified employee who:

10 (i) is an economically disadvantaged individual; and

11 (ii) is not hired to replace an individual whom the business
12 entity employed in that or any of the 3 preceding taxable years; and

13 (2) up to \$1,000 of the wages paid to each qualified employee who:

14 (i) is not an economically disadvantaged individual; and

15 (ii) is not hired to replace an individual whom the business
16 entity employed in that or any of the 3 preceding taxable years.

17 (d) (1) If a business entity does not claim an enhanced tax credit under
18 subsection (e) of this section for a focus area employee, for each taxable year after the
19 taxable year described in subsection (c) of this section, while the area is designated an
20 enterprise zone, a credit is allowed that equals:

21 (i) up to \$3,000 of the wages paid to each qualified employee
22 who:

23 1. is an economically disadvantaged individual;

24 2. became a qualified employee during the taxable year
25 to which the credit applies; and

26 3. is not hired to replace an individual whom the
27 business entity employed in that or any of the 3 preceding taxable years;

28 (ii) up to \$2,000 of the wages paid to each qualified employee
29 who is an economically disadvantaged individual, if the business entity received a
30 credit under subsection (c)(1) of this section for the qualified employee in the
31 immediately preceding taxable year; and

1 (iii) up to \$1,000 of the wages paid to each qualified employee
2 who is not hired to replace an individual whom the business entity employed in that or
3 any of the 3 preceding taxable years if the qualified employee:

4 1. is an economically disadvantaged individual for whom
5 the business entity received a credit under subsection (c)(1) of this section or item (i) of
6 this paragraph and a credit under item (ii) of this paragraph in the 2 immediately
7 preceding taxable years; or

8 2. is not an economically disadvantaged individual but
9 became a qualified employee during the taxable year to which the credit applies.

10 (2) A business entity that hires a qualified employee to replace
11 another qualified employee for whom the business entity received a credit under
12 subsection (c)(1) of this section and paragraph (1)(ii) of this subsection in the
13 immediately preceding taxable year may treat the new qualified employee as the
14 replacement for the other qualified employee to determine any credit that may be
15 available to the business entity under paragraph (1)(ii) or (iii) of this subsection.

16 (e) (1) For the taxable year in which a business entity satisfies the
17 requirements of §§ 5-706 and 5-707 **OR § 5-1406** of the Economic Development
18 Article, a credit is allowed that equals:

19 (i) up to \$4,500 of the wages paid to each focus area employee
20 who:

21 1. is an economically disadvantaged individual; and

22 2. is not hired to replace an individual whom the
23 business entity employed in that year or any of the 3 preceding taxable years; and

24 (ii) up to \$1,500 of the wages paid to each focus area employee
25 who:

26 1. is not an economically disadvantaged individual; and

27 2. is not hired to replace an individual whom the
28 business entity employed in that year or any of the 3 preceding taxable years.

29 (2) For each taxable year after the taxable year described in
30 paragraph (1) of this subsection, while the area is designated a focus area, a credit is
31 allowed that equals:

32 (i) up to \$4,500 of the wages paid to each focus area employee
33 who:

34 1. is an economically disadvantaged individual;

1 2. became a focus area employee during the taxable year
2 to which the credit applies; and

3 3. is not hired to replace an individual whom the
4 business entity employed in that year or any of the 3 preceding taxable years;

5 (ii) up to \$3,000 of the wages paid to each focus area employee
6 who is an economically disadvantaged individual, if the business entity received a
7 credit under paragraph (1)(i) of this subsection for the focus area employee in the
8 immediately preceding taxable year; and

9 (iii) up to \$1,500 of the wages paid to each focus area employee
10 who is not hired to replace an individual whom the business entity employed in that
11 year or any of the 3 preceding taxable years if the focus area employee:

12 1. is an economically disadvantaged individual for whom
13 the business entity received a credit under item (ii) of this paragraph in the 2
14 immediately preceding taxable years and under:

15 A. paragraph (1)(i) of this subsection; or

16 B. item (i) of this paragraph; or

17 2. is not an economically disadvantaged individual but
18 became a focus area employee during the taxable year to which the credit applies.

19 (3) A business entity that hires a focus area employee to replace
20 another focus area employee for whom the business entity received a credit under
21 paragraph (1)(i) of this subsection and paragraph (2)(ii) of this subsection in the
22 immediately preceding taxable year may treat the focus area employee as the
23 replacement for the other focus area employee to determine any credit that may be
24 available to the business entity under paragraph (2)(ii) or (iii) of this subsection.

25 (f) If the credit allowed under this section in any taxable year exceeds the
26 State income tax for that taxable year, a business entity may apply the excess as a
27 credit against the State income tax for succeeding taxable years until the earlier of:

28 (1) the full amount of the excess is used; or

29 (2) the expiration of the 5th taxable year from the date on which the
30 business entity hired the qualified employee to whom the credit first applies.

31 (g) If a credit is claimed under this section, the claimant must make the
32 addition required in § 10–205, § 10–206, or § 10–306 of this title.

33

Article II – General Powers

The Mayor and City Council of Baltimore shall have full power and authority to exercise all of the powers heretofore or hereafter granted to it by the Constitution of Maryland or by any Public General or Public Local Laws of the State of Maryland; and in particular, without limitation upon the foregoing, shall have power by ordinance, or such other method as may be provided for in its Charter, subject to the provisions of said Constitution and Public General Laws:

(62)

(L) IN ADDITION TO THE POWERS IN THIS SECTION, THE MAYOR AND CITY COUNCIL OF BALTIMORE MAY USE THE AUTHORITY GRANTED TO A POLITICAL SUBDIVISION FOR TAX INCREMENT FINANCING IN A REGIONAL INSTITUTION STRATEGIC ENTERPRISE ZONE AS PROVIDED FOR IN TITLE 12, SUBTITLE 2 OF THE ECONOMIC DEVELOPMENT ARTICLE OF THE ANNOTATED CODE OF MARYLAND.

(62A)

(U) IN ADDITION TO THE POWERS IN THIS SECTION, THE MAYOR AND CITY COUNCIL OF BALTIMORE MAY USE THE AUTHORITY GRANTED TO A POLITICAL SUBDIVISION FOR TAX INCREMENT FINANCING IN A REGIONAL INSTITUTION STRATEGIC ENTERPRISE ZONE AS PROVIDED FOR IN TITLE 12, SUBTITLE 2 OF THE ECONOMIC DEVELOPMENT ARTICLE OF THE ANNOTATED CODE OF MARYLAND.

SECTION 2. AND BE IT FURTHER ENACTED, That the Laws of Maryland read as follows:

Article – Tax – Property

9–103.

(e) (1) A tax credit under this section is available to a qualified property for no more than 10 consecutive years beginning with:

(I) the taxable year following the calendar year in which the real property initially becomes a qualified property; OR

(II) THE TAXABLE YEAR IN WHICH THE REAL PROPERTY INITIALLY BECOMES A QUALIFIED PROPERTY, SUBJECT TO THE APPROVAL OF THE APPROPRIATE LOCAL GOVERNING BODY AND THE SECRETARY OF BUSINESS AND ECONOMIC DEVELOPMENT.

1 SECTION 3. AND BE IT FURTHER ENACTED, That, before adopting
 2 regulations to implement the provisions of Section 1 of this Act, the Department of
 3 Business and Economic Development shall organize a group of interested parties,
 4 stakeholders, and experts in community development to provide advice on the
 5 regulations, standards, and guidelines needed to implement Section 1 of this Act.

6 SECTION 4. AND BE IT FURTHER ENACTED, That, on or before January 1,
 7 2017, the Comptroller shall report to the General Assembly, in accordance with §
 8 2-1246 of the State Government Article, on:

9 (1) the estimated cost and impact of the income tax credit provided to
 10 businesses in RISE zones under § 10-702 of the Tax – General Article; and

11 (2) the potential cost and impact of providing an income tax
 12 depreciation incentive for businesses within RISE zones.

13 SECTION 5. AND BE IT FURTHER ENACTED, That it is the intent of the
 14 General Assembly that in the RISE zone application and designation processes, a
 15 county and municipal corporation shall confer in order to reach agreement on the
 16 desired RISE zone location and boundaries and the amount of property tax credits
 17 offered.

18 SECTION 6. AND BE IT FURTHER ENACTED, That Section 2 of this Act shall
 19 be applicable to all taxable years beginning after June 30, 2013.

20 SECTION ~~2~~ 7. AND BE IT FURTHER ENACTED, That, subject to Section 6 of
 21 this Act, this Act shall take effect ~~October~~ June 1, 2014.

Approved:

Governor.

Speaker of the House of Delegates.

President of the Senate.