

# HOUSE BILL 1086

P1  
HB 1231/13 – HGO

4lr1801

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By: **Delegates McMillan, Costa, Elliott, A. Kelly, Krebs, Murphy, Oaks,  
Pena–Melnik, and Stocksdale**

Introduced and read first time: February 6, 2014

Assigned to: Health and Government Operations

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## A BILL ENTITLED

1 AN ACT concerning

2 **State Aid – Business Transparency and Financial Disclosure Act**

3 FOR the purpose of requiring certain corporations that receive certain State subsidies  
4 of at least a certain amount to file a certain annual disclosure report with the  
5 granting body that provides the subsidy; requiring the disclosure report to  
6 contain certain information; requiring the disclosure report to be provided on or  
7 before a certain date; requiring a granting body to publish the disclosure report  
8 on its Web site on or before a certain date; defining certain terms; and generally  
9 relating to the filing of certain disclosure reports.

10 BY adding to

11 Article – State Finance and Procurement

12 Section 7–407

13 Annotated Code of Maryland

14 (2009 Replacement Volume and 2013 Supplement)

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

17 **Article – State Finance and Procurement**

18 **7–407.**

19 **(A) (1) IN THIS SECTION THE FOLLOWING WORDS HAVE THE**  
20 **MEANINGS INDICATED.**

21 **(2) “CORPORATE PARENT” MEANS A PERSON, AN ASSOCIATION, A**  
22 **CORPORATION, A JOINT VENTURE, A PARTNERSHIP, OR ANY OTHER ENTITY**  
23 **THAT OWNS OR CONTROLS AT LEAST 50% OF A RECIPIENT CORPORATION.**

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EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1           **(3) “FULL-TIME JOB” MEANS A JOB IN WHICH AN INDIVIDUAL IS**  
2 **EMPLOYED BY A RECIPIENT CORPORATION FOR AT LEAST 35 HOURS PER WEEK.**

3           **(4) “GRANTING BODY” MEANS A UNIT OF STATE GOVERNMENT OR**  
4 **ANY OTHER STATE ENTITY THAT PROVIDES A STATE SUBSIDY.**

5           **(5) (I) “NEW EMPLOYEE” MEANS A FULL-TIME EMPLOYEE**  
6 **WHO REPRESENTS A NET INCREASE IN THE NUMBER OF INDIVIDUALS**  
7 **EMPLOYED BY THE RECIPIENT CORPORATION IN THE STATE.**

8           **(II) “NEW EMPLOYEE” DOES NOT INCLUDE AN EMPLOYEE**  
9 **WHO PERFORMS A JOB THAT WAS PREVIOUSLY PERFORMED BY ANOTHER**  
10 **EMPLOYEE OF THE RECIPIENT CORPORATION IF THAT JOB EXISTED FOR AT**  
11 **LEAST 6 MONTHS BEFORE HIRING THE NEW EMPLOYEE.**

12           **(6) “PART-TIME JOB” MEANS A JOB IN WHICH AN INDIVIDUAL IS**  
13 **EMPLOYED BY A RECIPIENT CORPORATION FOR FEWER THAN 35 HOURS PER**  
14 **WEEK.**

15           **(7) (I) “RECIPIENT CORPORATION” MEANS A BUSINESS, AN**  
16 **ASSOCIATION, A CORPORATION, A JOINT VENTURE, A PARTNERSHIP, OR ANY**  
17 **OTHER ENTITY THAT RECEIVES A STATE SUBSIDY.**

18           **(II) “RECIPIENT CORPORATION” DOES NOT INCLUDE AN**  
19 **INDIVIDUAL.**

20           **(8) (I) “STATE SUBSIDY” MEANS ANY STATE AID WITH A TOTAL**  
21 **VALUE OF AT LEAST \$50,000 PROVIDED TO A RECIPIENT CORPORATION.**

22           **(II) “STATE SUBSIDY” INCLUDES LOANS, LOAN**  
23 **GUARANTEES, FEE WAIVERS, MATCHING FUNDS, TAX ABATEMENTS, TAX**  
24 **EXEMPTIONS, AND TAX CREDITS.**

25           **(9) “SUBSIDY VALUE” MEANS THE FACE VALUE OF ALL STATE**  
26 **SUBSIDIES PROVIDED TO A RECIPIENT CORPORATION.**

27           **(10) “TEMPORARY JOB” MEANS A JOB IN WHICH AN INDIVIDUAL IS**  
28 **HIRED FOR A SEASON OR FOR A LIMITED PERIOD OF TIME.**

29           **(B) (1) EACH RECIPIENT CORPORATION SHALL FILE A DISCLOSURE**  
30 **REPORT WITH THE GRANTING BODY AS PROVIDED IN THIS SUBSECTION.**

1           **(2) (I) IF THE GRANTING BODY IS THE DEPARTMENT OF**  
2 **BUSINESS AND ECONOMIC DEVELOPMENT, THE DEPARTMENT SHALL REQUIRE**  
3 **A RECIPIENT CORPORATION THAT RECEIVES A STATE SUBSIDY UNDER ANY OF**  
4 **THE FOLLOWING PROGRAMS TO FILE A DISCLOSURE REPORT:**

5                   1.     **THE JOB CREATION TAX CREDIT;**

6                   2.     **THE ONE MARYLAND TAX CREDIT;**

7                   3.     **THE MARYLAND ECONOMIC DEVELOPMENT**  
8 **ASSISTANCE AUTHORITY AND FUND (MEDAAF) PROGRAM FINANCIAL**  
9 **ASSISTANCE FOR SIGNIFICANT STRATEGIC ECONOMIC DEVELOPMENT**  
10 **OPPORTUNITIES AND LOCAL ECONOMIC DEVELOPMENT OPPORTUNITIES; AND**

11                  4.     **THE ECONOMIC DEVELOPMENT OPPORTUNITIES**  
12 **PROGRAM FUND (EDOPF).**

13                   **(II) THE DISCLOSURE REPORT REQUIRED UNDER**  
14 **SUBPARAGRAPH (I) OF THIS PARAGRAPH SHALL INCLUDE THE FOLLOWING**  
15 **INFORMATION:**

16                   1.     **FOR THE JOB CREATION TAX CREDIT AND THE**  
17 **ONE MARYLAND TAX CREDIT:**

18                   A.     **THE NAMES OF THE TAXPAYERS THAT RECEIVED**  
19 **FINAL TAX CERTIFICATES IN THE REPORTING YEAR;**

20                   B.     **THE NUMBER OF JOBS CERTIFIED; AND**

21                   C.     **THE AGGREGATE AND AVERAGE WAGES FOR**  
22 **THOSE JOBS;**

23                   2.     **FOR THE ONE MARYLAND TAX CREDIT, THE**  
24 **TOTAL START-UP AND PROJECT COSTS CERTIFIED FOR EACH APPLICANT IN THE**  
25 **REPORTING YEAR; AND**

26                   3.     **FOR THE MEDAAF AND EDOPF ASSISTANCE,**  
27 **THE NUMBER OF JOBS RETAINED AND NEW JOBS CREATED FOR EACH**  
28 **TRANSACTION SETTLED DURING THE REPORTING YEAR.**

29                   **(III) A RECIPIENT CORPORATION THAT IS REQUIRED TO FILE**  
30 **AN ANNUAL PROXY STATEMENT WITH THE FEDERAL SECURITIES AND**  
31 **EXCHANGE COMMISSION SHALL ALSO PROVIDE INFORMATION ON THE TYPE**  
32 **AND AMOUNT OF COMPENSATION PAID TO ITS CHIEF EXECUTIVE OFFICER, ITS**

1 CHIEF FINANCIAL OFFICER, AND ITS THREE OTHER MOST HIGHLY  
2 COMPENSATED EXECUTIVE OFFICERS.

3 (3) IF THE GRANTING BODY IS AN ENTITY OTHER THAN THE  
4 DEPARTMENT OF BUSINESS AND ECONOMIC DEVELOPMENT, THE ENTITY  
5 SHALL PROVIDE THE DISCLOSURE REPORT FORM THAT INCLUDES THE  
6 FOLLOWING INFORMATION:

7 (I) THE NAME, MAILING ADDRESSES, PHONE NUMBER, AND  
8 CHIEF OFFICER OF THE RECIPIENT CORPORATION;

9 (II) THE RECIPIENT CORPORATION'S NORTH AMERICAN  
10 INDUSTRY CLASSIFICATION SYSTEM INDUSTRY CODE;

11 (III) A SUMMARY OF THE PUBLIC PURPOSE THAT THE  
12 RECIPIENT CORPORATION PROVIDES;

13 (IV) A SUMMARY OF THE ACTIVITY AND LOCATION WHERE  
14 THE ACTIVITY THAT GENERATES ELIGIBILITY FOR THE STATE SUBSIDY TAKES  
15 PLACE;

16 (V) A SUMMARY OF THE NUMBER OF FULL-TIME,  
17 PART-TIME, AND TEMPORARY JOBS THAT ARE:

18 1. REQUIRED TO BE CREATED OR RETAINED BY THE  
19 TERMS OF THE STATE SUBSIDY, IF APPLICABLE; AND

20 2. CREATED OR LOST AS OF DECEMBER 31 OF THE  
21 PREVIOUS YEAR IF THE PURPOSE OF THE SUBSIDY IS RELATED TO JOB  
22 CREATION OR RETENTION;

23 (VI) A SUMMARY OF THE COMPENSATION PLANS OF THE  
24 FOLLOWING INDIVIDUALS IF THE RECIPIENT CORPORATION IS REQUIRED TO  
25 FILE AN ANNUAL PROXY STATEMENT WITH THE FEDERAL SECURITIES AND  
26 EXCHANGE COMMISSION:

27 1. THE ENTITY'S CHIEF EXECUTIVE OFFICER AND  
28 CHIEF FINANCIAL OFFICER OR ANY INDIVIDUAL ACTING IN THAT CAPACITY  
29 DURING THE YEAR; AND

30 2. THE ENTITY'S OTHER THREE HIGHEST PAID  
31 EXECUTIVE OFFICERS; AND

1                   (VII) ANY OTHER INFORMATION THE GRANTING BODY  
2 DETERMINES IS NECESSARY TO EVALUATE THE PURPOSE OF THE STATE  
3 SUBSIDY.

4                   (4) THE JOB SUMMARY REQUIRED UNDER PARAGRAPH (3)(V) OF  
5 THIS SUBSECTION SHALL INCLUDE:

6                   (I) THE TOTAL EMPLOYMENT IN THE STATE OF THE  
7 RECIPIENT'S CORPORATE PARENT FOR THE 2 PREVIOUS YEARS; AND

8                   (II) THE SALARY AND INSURANCE COVERAGE DETAILS FOR  
9 ANY JOBS CREATED.

10                  (5) THE DISCLOSURE REPORT SHALL INCLUDE A SUMMARY OF  
11 ANY INSTANCE DURING THE PREVIOUS CALENDAR YEAR IN WHICH THE  
12 RECIPIENT CORPORATION OR CORPORATE PARENT WAS DETERMINED BY A UNIT  
13 OF FEDERAL, STATE, OR LOCAL GOVERNMENT TO HAVE VIOLATED ANY  
14 FEDERAL, STATE, OR LOCAL LAW OR REGULATION.

15                  (6) THE CHIEF OFFICER OF THE RECIPIENT CORPORATION SHALL  
16 SIGN A CERTIFICATION AS TO THE ACCURACY OF THE DISCLOSURE REPORT.

17                  (7) ON OR BEFORE DECEMBER 31 OF EACH YEAR, A RECIPIENT  
18 CORPORATION SHALL FILE A DISCLOSURE REPORT FOR THE YEAR IF THE  
19 RECIPIENT CORPORATION RECEIVES A STATE SUBSIDY DURING THE YEAR.

20                  (c) (1) ON OR BEFORE APRIL 1 OF EACH YEAR, THE GRANTING BODY  
21 SHALL PUBLISH ON THE GRANTING BODY'S WEB SITE A COMPILATION OF THE  
22 DISCLOSURE REPORTS.

23                  (2) THE DISCLOSURE REPORTS SHALL BE MAINTAINED IN A  
24 SEARCHABLE DATABASE AND IN A SPREADSHEET FORM THAT CAN BE  
25 DOWNLOADED.

26                  (3) (I) THE GRANTING BODY SHALL DETERMINE IF THE  
27 RECIPIENT CORPORATION HAS MET THE REQUIREMENTS OF THE STATE  
28 SUBSIDY.

29                  (II) THE DISCLOSURE REPORT SHALL CONTAIN THE  
30 GRANTING BODY'S DETERMINATION.

31                  SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect  
32 October 1, 2014.