

HOUSE BILL 1086

P1
HB 1231/13 – HGO

4lr1801

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

Introduced and read first time: February 6, 2014

Assigned to: Health and Government Operations

A BILL ENTITLED

AN ACT concerning

State Aid – Business Transparency and Financial Disclosure Act

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

BY adding to

Article – State Finance and Procurement

Section 7–407

Annotated Code of Maryland

(2009 Replacement Volume and 2013 Supplement)

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

Article – State Finance and Procurement

7–407.

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

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

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



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

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

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

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

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

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

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

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

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

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

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

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

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

- 1. THE JOB CREATION TAX CREDIT;**
- 2. THE ONE MARYLAND TAX CREDIT;**
- 3. THE MARYLAND ECONOMIC DEVELOPMENT ASSISTANCE AUTHORITY AND FUND (MEDAAF) PROGRAM FINANCIAL ASSISTANCE FOR SIGNIFICANT STRATEGIC ECONOMIC DEVELOPMENT OPPORTUNITIES AND LOCAL ECONOMIC DEVELOPMENT OPPORTUNITIES; AND**
- 4. THE ECONOMIC DEVELOPMENT OPPORTUNITIES PROGRAM FUND (EDOPF).**

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

- 1. FOR THE JOB CREATION TAX CREDIT AND THE ONE MARYLAND TAX CREDIT:**
 - A. THE NAMES OF THE TAXPAYERS THAT RECEIVED FINAL TAX CERTIFICATES IN THE REPORTING YEAR;**
 - B. THE NUMBER OF JOBS CERTIFIED; AND**
 - C. THE AGGREGATE AND AVERAGE WAGES FOR THOSE JOBS;**
- 2. FOR THE ONE MARYLAND TAX CREDIT, THE TOTAL START-UP AND PROJECT COSTS CERTIFIED FOR EACH APPLICANT IN THE REPORTING YEAR; AND**
- 3. FOR THE MEDAAF AND EDOPF ASSISTANCE, THE NUMBER OF JOBS RETAINED AND NEW JOBS CREATED FOR EACH TRANSACTION SETTLED DURING THE REPORTING YEAR.**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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