SENATE BILL 600

C8, F2, Q2 (4lr0862)

ENROLLED BILL

— Budget and Taxation/Ways and Means —

Introduced by **Senators Pugh, Astle, Benson, Brinkley, Colburn, Currie, DeGrange, Edwards, Feldman, Ferguson, Forehand, Frosh, Getty, Gladden, Glassman, Jones–Rodwell, Kasemeyer, King, Kittleman, Klausmeier, Madaleno, Manno, Mathias, McFadden, Miller, Peters, Ramirez, Raskin, Robey, Rosapepe, Stone, and Young**

Read and Examined by Proofreaders:

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Proofreader.

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Proofreader.

Sealed with the Great Seal and presented to the Governor, for his approval this

_____ day of _____ at _____ o'clock, _____M.

_____

President.

CHAPTER _____

AN ACT concerning

Regional Institution Strategic Enterprise Zone Program

FOR the purpose of establishing the Regional Institution Strategic Enterprise Zone Program to access institutional assets that have a strong and demonstrated history of commitment to economic development and revitalization in the communities in which they are located; authorizing certain ~~public schools or~~ institutions of higher education that meet certain criteria to apply to the Secretary of Business and Economic Development to be designated as a qualified institution; requiring the Secretary to approve or reject an application for designation as a qualified institution within a certain number of days after the application is submitted; ~~authorizing a qualified institution to apply to the~~

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.

Italics indicate opposite chamber/conference committee amendments.

~~Secretary to have a certain area of the State designated as a Regional Institution Strategic Enterprise (RISE) zone;~~ authorizing a qualified institution to make a joint application with a county, a municipal corporation, or a certain entity of a county or a municipal corporation to the Secretary to have a certain area in the State designated as a ~~RISE~~ *Regional Institution Strategic Enterprise (RISE)* zone; *prohibiting certain counties and municipalities from authorizing certain property tax credits;* requiring the Secretary to approve or reject a RISE zone application and define the boundaries of a RISE zone within a certain number of days on or after a certain date after the application is submitted; requiring the Secretary to provide certain notice a certain number of days before approving or rejecting ~~an application~~ *certain applications*; authorizing certain entities to provide certain advice to the Secretary; providing *that* the Secretary may not approve more than a certain number of RISE zones in a county *or municipal corporation* ~~for which the county did not make a certain application~~; providing that a qualified institution may not be required to be in the immediate vicinity of a proposed RISE zone in a rural part of the State; ~~authorizing the governing body of a county, under certain circumstances, to establish the percentage of a certain property tax credit;~~ *providing that the designation of a RISE zone is for a certain number of years; providing that a RISE zone may be renewed for a certain number of years under certain circumstances; prohibiting the Secretary from designating a RISE zone in certain areas;* requiring the Secretary to assign a RISE zone a business development concierge; requiring the business development concierge to assist entities locating in a RISE zone with certain activities; authorizing a business entity that locates in a RISE zone to receive certain tax incentives and financial assistance if the entity or its location receives a certain certification; requiring the Department and the Comptroller, each year, to jointly make certain assessments and submit certain reports; authorizing certain political subdivisions to identify certain zones and pledge certain property taxes in certain zones; authorizing certain political subdivisions to use the proceeds from certain bond issues for certain purposes; authorizing the governing body of certain political subdivisions to create a special fund for certain purposes; authorizing the governing body of certain political subdivisions to pledge certain tax revenue generated within certain zones; requiring that a political subdivision that leases as a lessor certain property within a certain zone be assessed and taxed in a certain manner; requiring the governing body of a county or municipal corporation to grant a property tax credit on a certain assessment of qualified properties located in the RISE zone; providing for the amount of the credit; requiring the State Department of Assessments and Taxation to allocate the amount of credit based on the use of the property; providing for an enhanced credit for properties located in certain enterprise zones or certain focus areas; authorizing the governing body of a county~~, under certain circumstances,~~ *or municipal corporation* to alter the ~~calculation of a certain~~ *amount of the* credit; ~~providing that the governing body of a municipal corporation, under certain circumstances, may not alter the calculation of a certain credit; authorizing a county and a municipal corporation, under certain circumstances, to propose the percentage to be used for the calculation and~~

~~duration of a certain tax credit;~~ providing that the credit may not be claimed for more than a certain number of years; requiring the Secretary to make certain certifications; requiring the State Department of Assessments and Taxation to submit a certain list to the Secretary; ~~allowing entities locating in certain zones to alter the calculation of a certain Maryland income tax modification for depreciation of certain property to provide an additional allowance for the taxable year the property is placed in service;~~ making entities that locate in certain zones eligible to claim certain income tax credits for entities that employ qualified individuals in enterprise zones or focus areas; authorizing the Mayor and City Council of Baltimore City to use certain authority granted under State law to a political subdivision for tax increment financing in a certain zone; requiring the Comptroller to prepare a certain report; *requiring the Department of Business and Economic Development to convene a certain group to provide certain advice; altering, subject to certain approval, the taxable year in which certain property initially becomes qualified property for certain enterprise zone property tax credits;* authorizing and requiring the Secretary to adopt certain regulations; *providing for the application of certain provisions of this Act; declaring the intent of the General Assembly;* defining certain terms; and generally relating to the creation of the Regional Institution Strategic Enterprise Zone Program.

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

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

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

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

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

~~BY adding to~~
~~Article – Tax – General~~
~~Section 10–210.1(c)~~
~~Annotated Code of Maryland~~
~~(2010 Replacement Volume and 2013 Supplement)~~

~~BY repealing and reenacting, without amendments,~~
~~Article – Tax – General~~
~~Section 10–310~~
~~Annotated Code of Maryland~~
~~(2010 Replacement Volume and 2013 Supplement)~~

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

BY adding to
The Charter of Baltimore City
Article II
Section (62)(L) and (62A)(U)
(2007 Replacement Volume, as amended)

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

Article – Economic Development

5–102.

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

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

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

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

SUBTITLE 14. REGIONAL INSTITUTION STRATEGIC ENTERPRISE ZONE PROGRAM.

5–1401.

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

(B) "AREA" MEANS A GEOGRAPHIC AREA IN ONE OR MORE POLITICAL SUBDIVISIONS IN THE STATE DESCRIBED BY A CLOSED PERIMETER BOUNDARY.

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

~~**(D) "PUBLIC SCHOOL" HAS THE MEANING STATED IN § 1–101 OF THE EDUCATION ARTICLE.**~~

~~**(E)**~~ ***(D)*** **"QUALIFIED INSTITUTION" MEANS AN ENTITY THAT IS DESIGNATED AS A QUALIFIED INSTITUTION UNDER § 5–1403 OF THIS SUBTITLE AND MAY INCLUDE:**

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

~~**(2)**~~ **(1)** ~~**A NONPROFIT ORGANIZATION THAT IS AFFILIATED WITH NEW CONSTRUCTION OR RENOVATION OF A PUBLIC SCHOOL**~~ ***A REGIONAL HIGHER EDUCATION CENTER AS DEFINED UNDER § 10–101 OF THE EDUCATION ARTICLE*****;**

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

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

~~**(F)**~~ ***(E)*** **"RISE ZONE" MEANS** ~~**AN**~~ ***A GEOGRAPHIC*** **AREA** ***IN IMMEDIATE PROXIMITY TO A QUALIFIED INSTITUTION THAT IS TARGETED FOR INCREASED ECONOMIC AND COMMUNITY DEVELOPMENT*** **THAT MEETS THE REQUIREMENTS**

OF § 5–1404 OF THIS SUBTITLE AND IS DESIGNATED AS A ~~RISE~~ REGIONAL INSTITUTION STRATEGIC ENTERPRISE ZONE BY THE SECRETARY UNDER § 5–1404 OF THIS SUBTITLE.

5–1402.

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

5–1403.

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

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

(1) EVIDENCE AN INTENTION:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

5–1404.

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

~~(2) A QUALIFIED INSTITUTION MAY APPLY JOINTLY WITH A COUNTY, A MUNICIPAL CORPORATION, OR THE ECONOMIC DEVELOPMENT AGENCY OF A COUNTY OR A MUNICIPAL CORPORATION.~~

(B) THE APPLICATION SHALL:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(II) THE BOUNDARIES OF THE ~~PROPOSED~~ RISE ZONE *PROPOSED BY THE SECRETARY*.

~~(4) THE SECRETARY MAY NOT APPROVE MORE THAN 3 RISE ZONES IN A COUNTY FOR WHICH THE COUNTY DID NOT APPLY JOINTLY UNDER SUBSECTION (A)(2) OF THIS SECTION.~~

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

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

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

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

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

~~(F) SUBJECT TO § 9–103.1(C)(5) OF THE TAX – PROPERTY ARTICLE, IF A QUALIFIED INSTITUTION DOES NOT APPLY FOR THE DESIGNATION OF A RISE ZONE JOINTLY WITH A COUNTY OR THE ECONOMIC DEVELOPMENT AGENCY OF A COUNTY, THE GOVERNING BODY OF THE COUNTY MAY ESTABLISH THE PERCENTAGE OF THE AMOUNT OF THE PROPERTY TAX IMPOSED ON THE ELIGIBLE ASSESSMENT OF THE QUALIFIED PROPERTY TO WHICH THE~~

~~PROPERTY TAX CREDIT ESTABLISHED UNDER § 9–103.1 OF THE TAX – PROPERTY ARTICLE APPLIES.~~

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

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

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

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

5–1405.

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

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

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

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

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

5–1406.

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

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

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

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

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

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

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

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

(D) (1) UNLESS A BUSINESS ENTITY MAKES A SIGNIFICANT CAPITAL INVESTMENT OR EXPANSION OF ITS LABOR FORCE AFTER A RISE ZONE IS DESIGNATED, THE INCENTIVES UNDER THIS SECTION ARE NOT AVAILABLE TO A BUSINESS ENTITY THAT WAS IN A RISE ZONE BEFORE THE DATE THAT THE ZONE IS DESIGNATED.

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

5–1407.

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

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

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

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

12–201.

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

(N–1) "RISE ZONE" MEANS AN AREA DESIGNATED AS A ~~RISE~~ *REGIONAL INSTITUTION STRATEGIC ENTERPRISE* ZONE UNDER § 5–1404 OF THIS ARTICLE.

12–203.

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

(1) by resolution:

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

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

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

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

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

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

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

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

12–207.

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

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

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

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

(2) for site removal;

(3) for surveys and studies;

(4) to relocate businesses or residents;

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

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

(ii) parking; and

(iii) lighting;

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

(7) for reserves or capitalized interest;

(8) for necessary costs to issue bonds; and

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

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

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

(I) HISTORIC PRESERVATION OR REHABILITATION;

(II) ENVIRONMENTAL REMEDIATION, DEMOLITION, AND SITE PREPARATION;

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

(IV) SCHOOLS;

(V) AFFORDABLE OR MIXED INCOME HOUSING;

(VI) STORMWATER MANAGEMENT AND STORM DRAIN FACILITIES;

(VII) INNOVATION CENTERS AND LABORATORY FACILITIES, OR STRUCTURES OF ANY TYPE WHETHER FOR PUBLIC OR PRIVATE USE, INCLUDING MAINTENANCE AND INSTALLATION OF IMPROVEMENTS IN THE STRUCTURES AND SERVICES THAT SUPPORT THE PURPOSES OF THE RISE ZONE PROGRAM; AND

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

12–208.

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

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

(2) are outstanding at the time of adoption.

12–209.

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

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

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

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

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

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

(2) The agreement shall:

(i) be in writing;

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

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

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

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

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

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

12–210.

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

(2) The agreement shall:

(i) be in writing;

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

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

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

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

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

(2) be applied to the other purposes stated in § 12–209 of this subtitle.

12–211.

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

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

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

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

Article – Tax – Property

9–103.1.

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

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

(3) (I) "BASE YEAR VALUE" MEANS THE VALUE OF THE PROPERTY USED TO DETERMINE THE ASSESSMENT ON WHICH THE PROPERTY TAX ON REAL PROPERTY WAS IMPOSED FOR THE BASE YEAR.

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

(4) (I) "BUSINESS ENTITY" MEANS A PERSON WHO OPERATES OR CONDUCTS A TRADE OR BUSINESS.

(II) "BUSINESS ENTITY" INCLUDES A PERSON WHO OWNS, OPERATES, DEVELOPS, CONSTRUCTS, OR REHABILITATES REAL PROPERTY IF THE REAL PROPERTY:

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

2. IS PARTIALLY DEVOTED TO A NONRESIDENTIAL USE.

(5) (I) "ELIGIBLE ASSESSMENT" MEANS THE DIFFERENCE BETWEEN THE BASE YEAR VALUE AND THE ACTUAL VALUE AS DETERMINED BY

THE DEPARTMENT FOR THE APPLICABLE TAXABLE YEAR IN WHICH THE TAX CREDIT UNDER THIS SECTION IS TO BE GRANTED.

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

(6) "QUALIFIED PROPERTY" MEANS REAL PROPERTY THAT IS:

(I) NOT USED FOR RESIDENTIAL PURPOSES;

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

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

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

(C) (1) ~~THE~~ EXCEPT AS *OTHERWISE* PROVIDED IN ~~PARAGRAPHS (4) AND (5) OF~~ THIS SUBSECTION, THE APPROPRIATE GOVERNING BODY SHALL CALCULATE THE AMOUNT OF THE TAX CREDIT UNDER THIS SECTION EQUAL TO A PERCENTAGE OF THE AMOUNT OF PROPERTY TAX IMPOSED ON THE ELIGIBLE ASSESSMENT OF THE QUALIFIED PROPERTY AS FOLLOWS:

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

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

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

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

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

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

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

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

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

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

(III) 1. IF A BUSINESS ENTITY IS CERTIFIED AS CONSISTENT WITH THE TARGET STRATEGY OF THE RISE ZONE AND THE QUALIFIED PROPERTY IS LOCATED IN AN ENTERPRISE ZONE OR FOCUS AREA, THE AMOUNT OF THE REQUIRED REIMBURSEMENT UNDER § 9–103(H) OF THIS SUBTITLE MAY ONLY BE FOR THE AMOUNT REQUIRED FOR THE REQUIRED PROPERTY TAX CREDITS UNDER § 9–103 OF THIS SUBTITLE.

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

~~(5) (I) IF THE QUALIFIED PROPERTY IS LOCATED IN A REGIONAL INSTITUTION STRATEGIC ENTERPRISE ZONE THAT A COUNTY OR~~

~~THE ECONOMIC DEVELOPMENT AGENCY OF A COUNTY DID NOT JOINTLY APPLY FOR UNDER § 5–1404 OF THE ECONOMIC DEVELOPMENT ARTICLE, THE AMOUNT OF THE PROPERTY TAX CREDIT IS EQUAL TO AT LEAST THE AMOUNT PROVIDED UNDER THIS PARAGRAPH.~~

~~(II) THE APPROPRIATE GOVERNING BODY SHALL CALCULATE THE AMOUNT OF THE TAX CREDIT UNDER THIS SECTION EQUAL TO 50% OF THE AMOUNT OF PROPERTY TAX IMPOSED ON THE ELIGIBLE ASSESSMENT OF THE QUALIFIED PROPERTY FOR EACH OF THE 5 TAXABLE YEARS FOLLOWING THE CALENDAR YEAR IN WHICH THE PROPERTY INITIALLY BECOMES QUALIFIED PROPERTY.~~

~~(III)~~ *(5)* THE GOVERNING BODY OF A COUNTY *OR MUNICIPAL CORPORATION* MAY INCREASE, BY LOCAL LAW, THE PERCENTAGE UNDER ~~SUBPARAGRAPH (II)~~ *PARAGRAPH (1)* OF THIS ~~PARAGRAPH~~ *SUBSECTION*.

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

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

~~(IV) THE GOVERNING BODY OF A MUNICIPAL CORPORATION MAY NOT ALTER THE PERCENTAGE UNDER SUBPARAGRAPH (II) OF THIS PARAGRAPH.~~

~~(6) IF THE QUALIFIED PROPERTY IS LOCATED IN A REGIONAL INSTITUTION STRATEGIC ENTERPRISE ZONE THAT A COUNTY, A MUNICIPAL CORPORATION, OR THE ECONOMIC DEVELOPMENT AGENCY OF A COUNTY OR MUNICIPAL CORPORATION JOINTLY APPLIED FOR UNDER § 5–1404 OF THE ECONOMIC DEVELOPMENT ARTICLE, THE COUNTY AND, IF THE QUALIFIED PROPERTY IS LOCATED IN A MUNICIPAL CORPORATION THAT WAS PART OF THE JOINT APPLICATION, THE MUNICIPAL CORPORATION MAY PROPOSE THE PERCENTAGE TO BE USED TO CALCULATE THE TAX CREDIT UNDER THIS SECTION AND THE DURATION OF THE TAX CREDIT.~~

(D) (1) ~~A~~ *EXCEPT AS PROVIDED IN SUBSECTION (C)(6) OF THIS SECTION, A* TAX CREDIT UNDER THIS SECTION IS AVAILABLE TO A QUALIFIED PROPERTY FOR NO MORE THAN ~~10~~ *5* CONSECUTIVE YEARS BEGINNING WITH

THE TAXABLE YEAR FOLLOWING THE CALENDAR YEAR IN WHICH THE REAL PROPERTY INITIALLY BECOMES A QUALIFIED PROPERTY.

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

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

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

(1) THE REAL PROPERTIES IN THE ZONE THAT ARE QUALIFIED PROPERTIES FOR EACH TAXABLE YEAR FOR WHICH THE PROPERTY TAX CREDIT UNDER THIS SECTION IS TO BE GRANTED; AND

(2) THE DATE THAT THE REAL PROPERTIES BECAME QUALIFIED PROPERTIES.

(F) BEFORE PROPERTY TAX BILLS ARE SENT, THE STATE DEPARTMENT OF ASSESSMENTS AND TAXATION SHALL SUBMIT TO THE SECRETARY OF BUSINESS AND ECONOMIC DEVELOPMENT A LIST CONTAINING:

(1) THE LOCATION OF EACH QUALIFIED PROPERTY;

(2) THE AMOUNT OF THE BASE YEAR VALUE FOR EACH QUALIFIED PROPERTY; AND

(3) THE AMOUNT OF THE ELIGIBLE ASSESSMENT FOR EACH QUALIFIED PROPERTY.

Article – Tax – General

~~10–210.1.~~

~~**(C) IN ADDITION TO THE MODIFICATIONS UNDER §§ 10–204 THROUGH 10–210 OF THIS SUBTITLE AND SUBSECTION (B) OF THIS SECTION, TO DETERMINE MARYLAND ADJUSTED GROSS INCOME OF AN INDIVIDUAL THAT LOCATES IN A REGIONAL INSTITUTION STRATEGIC ENTERPRISE ZONE AND SATISFIES THE REQUIREMENTS OF § 5–1406 OF THE ECONOMIC DEVELOPMENT ARTICLE, AN AMOUNT IS ADDED TO OR SUBTRACTED FROM FEDERAL ADJUSTED**~~

~~GROSS INCOME TO REFLECT THE DETERMINATION OF THE DEPRECIATION DEDUCTION PROVIDED UNDER § 167(A) OF THE INTERNAL REVENUE CODE AS IF THE DEPRECIATION DEDUCTION PROVIDED IN § 167(A) OF THE INTERNAL REVENUE CODE FOR THE TAXABLE YEAR THE PROPERTY IS PLACED IN SERVICE IN THE REGIONAL INSTITUTION STRATEGIC ENTERPRISE ZONE INCLUDES AN ALLOWANCE EQUAL TO 100% OF THE ADJUSTED BASIS OF THE PROPERTY.~~

~~10–310.~~

~~In addition to the modifications under §§ 10–305 through 10–309 of this subtitle, to determine Maryland modified income the federal taxable income of a corporation shall be adjusted as provided for an individual under § 10–210.1 of this title.~~

10–702.

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

(2) (i) "Business entity" means:

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

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

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

(3) **(I)** "Enterprise zone" has the meaning stated in § 5–701 of the Economic Development Article.

(II) "ENTERPRISE ZONE" INCLUDES A REGIONAL INSTITUTION STRATEGIC ENTERPRISE ZONE ESTABLISHED UNDER TITLE 5, SUBTITLE 14 OF THE ECONOMIC DEVELOPMENT ARTICLE.

(4) "Qualified employee" means an individual who:

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

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

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

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

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

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

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

(5) "Economically disadvantaged individual" means an individual who is certified by provisions that the Department of Labor, Licensing, and Regulation adopts as an individual who, before becoming employed by a business entity in an enterprise zone:

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

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

(6) "Focus area" has the meaning stated in § 5–701 of the Economic Development Article.

(7) "Focus area employee" means an individual who:

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

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

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

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

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

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

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

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

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

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

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

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

(i) is an economically disadvantaged individual; and

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

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

(i) is not an economically disadvantaged individual; and

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

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

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

1. is an economically disadvantaged individual;

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

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

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

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

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

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

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

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

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

1. is an economically disadvantaged individual; and

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

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

1. is not an economically disadvantaged individual; and

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

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

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

1. is an economically disadvantaged individual;

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

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

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

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

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

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

B. item (i) of this paragraph; or

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

(3) A business entity that hires a focus area employee to replace another focus area employee for whom the business entity received a credit under paragraph (1)(i) of this subsection and paragraph (2)(ii) of this subsection in the immediately preceding taxable year may treat the focus area employee as the

replacement for the other focus area employee to determine any credit that may be available to the business entity under paragraph (2)(ii) or (iii) of this subsection.

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

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

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

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

The Charter of Baltimore City

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.

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

SECTION ~~3.~~ *4.* AND BE IT FURTHER ENACTED, That, on or before January 1, 2017, the Comptroller shall report to the General Assembly, in accordance with § 2–1246 of the State Government Article, on ~~the cost and impact of the tax incentive for depreciation under § 10–210.1(c) of the Tax – General Article~~*:*

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

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

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

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

SECTION ~~2.~~ ~~4.~~ *7.* AND BE IT FURTHER ENACTED, That*, subject to Section 6 of this Act,* this Act shall take effect ~~October~~ *June* 1, 2014.