

## Chapter 350

**(Senate Bill 877)**

AN ACT concerning

**Promoting ext-Raordinary Innovation in Maryland's Economy  
(PRIME Act)**

FOR the purpose of establishing the Promoting ext-Raordinary Innovation in Maryland's Economy Program within the Department of Commerce to provide certain Fortune 100 companies tax credits and benefits for a certain number of years; requiring the Department to administer the Program; establishing the application and eligibility requirements for a business entity to qualify for tax credits and benefits under the Program; authorizing certain types of businesses to receive certain credits and benefits under the Program under certain circumstances; providing for the termination of certain business entities from the Program under certain circumstances; authorizing the Secretary of Commerce to adopt any regulations necessary to implement the Program; requiring the Department to report to the General Assembly on or before a certain date; authorizing a credit against the State income tax for certain income of business entities certified under the Program; making the credit refundable; requiring certain businesses to apply for a certain tax certificate from the Department under certain circumstances; requiring the application to be in a certain form and contain certain information; requiring the Department to issue certain tax credit certificates, subject to certain limitations; requiring the Department to report to the Governor and the General Assembly certain information regarding the tax credit; requiring the Department and the Comptroller to jointly adopt certain regulations; providing for a sales and use tax exemption for certain sales of construction material or warehousing equipment under certain circumstances; requiring the Department to provide the Comptroller with a certain list each year; requiring the Comptroller to issue a certain certificate of eligibility for a certain exemption; providing for the renewal period of a certain certificate; requiring a certain governing body of a county or of a municipal corporation to grant a certain tax credit against certain property tax; providing for a certain tax credit against the State property tax; specifying the duration of certain tax credits; requiring the Department of Assessments and Taxation to submit a certain list to the Department of Commerce; requiring the State, under certain circumstances, to reimburse a certain county or a municipal corporation certain amounts; requiring the State Department of Assessments and Taxation to provide a certain notification to the Comptroller and the Comptroller to provide a certain reimbursement; altering a certain property tax credit for businesses that create new jobs to allow a business entity that is granted a certain property tax credit to be eligible to receive the property tax credit for businesses that create new jobs; defining certain terms; providing for application of certain provisions of this Act; providing for the termination of this Act under certain circumstances; and generally relating to the Promoting ext-Raordinary Innovation in Maryland's Economy Program.

BY adding to

Article – Economic Development

Section 6–901 through 6–909 to be under the new subtitle “Subtitle 9.

Promoting ext–Raordinary Innovation in Maryland’s Economy Program”

Annotated Code of Maryland

(2008 Replacement Volume and 2017 Supplement)

BY adding to

Article – Tax – General

Section 10–746 and 11–234

Annotated Code of Maryland

(2016 Replacement Volume and 2017 Supplement)

BY adding to

Article – Tax – Property

Section 9–111

Annotated Code of Maryland

(2012 Replacement Volume and 2017 Supplement)

BY repealing and reenacting, with amendments,

Article – Tax – Property

Section 9–230(b)(3)

Annotated Code of Maryland

(2012 Replacement Volume and 2017 Supplement)

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

**Article – Economic Development**

**SUBTITLE 9. PROMOTING EXT–RAORDINARY INNOVATION IN MARYLAND’S  
ECONOMY PROGRAM.**

**6–901.**

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

**(B) “BENEFIT YEAR” MEANS A TAXABLE YEAR IN WHICH A QUALIFIED BUSINESS ENTITY CLAIMS A PROGRAM BENEFIT ESTABLISHED UNDER § 6–904 OF THIS SUBTITLE.**

**(C) “BUSINESS ENTITY” MEANS A FORTUNE 100 COMPANY.**

**(D) “ELIGIBLE PROJECT” MEANS A PROJECT ESTABLISHED AND OPERATED BY A BUSINESS ENTITY THAT MEETS THE REQUIREMENTS SET FORTH UNDER § 6-903 OF THIS SUBTITLE.**

**(E) “PROGRAM” MEANS THE PROMOTING EXTRAORDINARY INNOVATION IN MARYLAND’S ECONOMY PROGRAM ESTABLISHED UNDER THIS SUBTITLE.**

**(F) “QUALIFIED BUSINESS ENTITY” MEANS A BUSINESS ENTITY OPERATING AN ELIGIBLE PROJECT UNDER THIS SUBTITLE.**

**(G) (1) “QUALIFIED POSITION” MEANS A POSITION THAT:**

**(I) IS FULL-TIME AND OF INDEFINITE DURATION;**

**(II) PAYS AT LEAST \$60,000 BUT NOT MORE THAN \$500,000 EACH YEAR;**

**(III) IS NEWLY CREATED AND LOCATED AT A SINGLE ELIGIBLE PROJECT IN THE STATE; AND**

**(IV) IS FILLED.**

**(2) “QUALIFIED POSITION” DOES NOT INCLUDE A POSITION THAT IS:**

**(I) CREATED WHEN AN EMPLOYMENT FUNCTION IS SHIFTED FROM AN EXISTING FACILITY OF A BUSINESS ENTITY IN THE STATE TO ANOTHER FACILITY OF THE SAME BUSINESS ENTITY IF THE POSITION IS NOT A NET NEW JOB IN THE STATE;**

**(II) CREATED THROUGH A CHANGE IN OWNERSHIP OF A TRADE OR BUSINESS;**

**(III) CREATED THROUGH A CONSOLIDATION, MERGER, OR RESTRUCTURING OF A BUSINESS ENTITY IF THE POSITION IS NOT A NET NEW JOB IN THE STATE;**

**(IV) CREATED WHEN AN EMPLOYMENT FUNCTION IS CONTRACTUALLY SHIFTED FROM AN EXISTING BUSINESS ENTITY TO ANOTHER BUSINESS ENTITY IN THE STATE IF THE POSITION IS NOT A NET NEW JOB IN THE STATE; OR**

**(V) FILLED FOR A PERIOD OF LESS THAN 12 MONTHS.**

**6-902.**

**THERE IS A PROMOTING EXTRAORDINARY INNOVATION IN MARYLAND'S ECONOMY (PRIME) PROGRAM IN THE DEPARTMENT.**

**6-903.**

**(A) (1) SUBJECT TO PARAGRAPH (2) OF THIS SUBSECTION, A BUSINESS ENTITY MAY APPLY TO THE DEPARTMENT TO ENROLL AN ELIGIBLE PROJECT IN THE PROGRAM.**

**(2) A BUSINESS ENTITY SHALL NOTIFY THE DEPARTMENT OF ITS INTENT TO SEEK CERTIFICATION OF AN ELIGIBLE PROJECT BEFORE THE BUSINESS ENTITY ESTABLISHES THE PROJECT IN THE STATE.**

**(B) THE DEPARTMENT MAY CERTIFY A BUSINESS ENTITY AS A QUALIFIED BUSINESS ENTITY AFTER THE BUSINESS ENTITY:**

**(1) PROVIDES THE REQUIRED NOTICE UNDER SUBSECTION (A) OF THIS SECTION;**

**(2) APPLIES TO THE DEPARTMENT IN ACCORDANCE WITH SUBSECTION (C) OF THIS SECTION; AND**

**(3) ESTABLISHES AN ELIGIBLE PROJECT AS DESCRIBED IN SUBSECTION (D) OF THIS SECTION.**

**(C) A BUSINESS ENTITY SHALL SUBMIT TO THE DEPARTMENT AN APPLICATION CONTAINING AT LEAST THE FOLLOWING INFORMATION:**

**(1) THE ANTICIPATED DATE OF THE ESTABLISHMENT OF THE PROJECT;**

**(2) THE LOCATION OF THE PROJECT;**

**(3) EVIDENCE THAT THE PROJECT WILL FUNCTION AS A HEADQUARTERS OF THE BUSINESS ENTITY;**

**(4) THE ESTIMATED NUMBER OF QUALIFIED POSITIONS TO BE CREATED BY THE PROJECT;**

**(5) THE DATES BY WHICH THE QUALIFIED POSITIONS ARE EXPECTED TO BE FILLED;**

**(6) THE ANTICIPATED PAYROLL FOR THE QUALIFIED POSITIONS; AND**

**(7) ANY OTHER INFORMATION THE DEPARTMENT REQUIRES.**

**(D) (1) TO ESTABLISH AN ELIGIBLE PROJECT UNDER THIS SUBTITLE, A BUSINESS ENTITY SHALL:**

**(I) SUBMIT EVIDENCE THAT THE BUSINESS ENTITY IS LEGALLY COMMITTED TO EXPENDING OR CAUSING TO BE EXPENDED A MINIMUM OF \$500,000,000 IN PROJECT COSTS; AND**

**(II) SUBMIT A PROJECT PLAN TO THE DEPARTMENT THAT COMMITS TO CARRY OUT THE FOLLOWING ACTIVITIES OVER A 17-YEAR PERIOD:**

**1. A. FILL AT LEAST 40,000 QUALIFIED POSITIONS AT THE FACILITY; AND**

**B. PROVIDE COMPENSATION FOR THE QUALIFIED POSITIONS IN AN AMOUNT THAT, ON AVERAGE, EQUALS AT LEAST \$100,000 ANNUALLY; AND**

**2. EXPEND OR CAUSE TO BE EXPENDED A TOTAL OF \$4,500,000,000, INCLUDING ANY AMOUNTS EXPENDED UNDER ITEM (I) OF THIS PARAGRAPH.**

**(2) COSTS THAT MAY BE INCLUDED IN THE AMOUNT SET FORTH IN PARAGRAPH (1)(I) OF THIS SUBSECTION INCLUDE:**

**(I) OBLIGATIONS FOR LABOR AND PAYMENTS MADE TO CONTRACTORS, SUBCONTRACTORS, BUILDERS, AND SUPPLIERS;**

**(II) ACQUIRING LAND, RIGHTS IN LAND, AND EXPENSES INCIDENTAL TO ACQUIRING LAND OR RIGHTS IN LAND;**

**(III) CONTRACT BONDS AND INSURANCE NEEDED DURING THE ACQUISITION, CONSTRUCTION, OR INSTALLATION OF THE PROJECT;**

**(IV) TEST BORINGS, SURVEYS, ESTIMATES, PLANS, SPECIFICATIONS, PRELIMINARY INVESTIGATIONS, ENVIRONMENTAL MITIGATION, SUPERVISION OF CONSTRUCTION, AND ANY OTHER ARCHITECTURAL AND ENGINEERING SERVICES;**

**(V) PERFORMING DUTIES REQUIRED BY OR CONSEQUENT TO THE ACQUISITION, CONSTRUCTION, AND INSTALLATION OF THE PROJECT;**

(VI) INSTALLING WATER, SEWER, SEWER TREATMENT, GAS, ELECTRICITY, COMMUNICATIONS, RAILROADS, AND SIMILAR UTILITIES;

(VII) BOND INSURANCE, LETTERS OF CREDIT, AND OTHER FORMS OF CREDIT ENHANCEMENT OR LIQUIDITY FACILITIES;

(VIII) INTEREST EXPENSES BEFORE AND DURING THE ACQUISITION, CONSTRUCTION, INSTALLATION, AND EQUIPPING OF THE PROJECT, AND FOR UP TO 2 YEARS AFTER PROJECT COMPLETION;

(IX) COMPUTERS, NONRECURRING COSTS OF FIXED TELECOMMUNICATIONS EQUIPMENT, FURNISHINGS, AND OFFICE EQUIPMENT; AND

(X) MOVING EXPENSES, SEPARATION EXPENSES, AND ANY OTHER EXPENSES DIRECTLY RELATED TO MOVING FROM OUTSIDE THE STATE TO A LOCATION IN THE STATE.

6-904.

(A) ~~(H)~~ (1) SUBJECT TO THE PROVISIONS OF THIS SECTION, THE PROGRAM BENEFITS AUTHORIZED UNDER THIS SECTION MAY BE CLAIMED BY A QUALIFIED BUSINESS ENTITY FOR UP TO 10 CONSECUTIVE BENEFIT YEARS.

~~(H)~~ (2) FOR THE INCOME TAX CREDIT ESTABLISHED UNDER § 10-746 OF THE TAX – GENERAL ARTICLE, A QUALIFIED BUSINESS ENTITY MAY CLAIM THE CREDIT FOR 10 CONSECUTIVE BENEFIT YEARS FOR EACH QUALIFIED POSITION.

(B) ON ENROLLMENT IN THE PROGRAM A QUALIFIED BUSINESS ENTITY IS ELIGIBLE FOR:

(1) SUBJECT TO SUBSECTION (C) OF THIS SECTION, A CREDIT AGAINST THE STATE INCOME TAX, ESTABLISHED UNDER § 10-746 OF THE TAX – GENERAL ARTICLE;

(2) A CREDIT AGAINST A PORTION OF THE COUNTY OR MUNICIPAL CORPORATION PROPERTY TAX AND OF THE STATE PROPERTY TAX ESTABLISHED UNDER § 9-111 OF THE TAX – PROPERTY ARTICLE; AND

(3) AN EXEMPTION FROM THE SALES AND USE TAX, AS PROVIDED UNDER § 11-234 OF THE TAX – GENERAL ARTICLE.

**(c) (1) TO BE ELIGIBLE FOR THE CREDIT AGAINST THE STATE INCOME TAX ESTABLISHED UNDER § 10-746 OF THE TAX – GENERAL ARTICLE, A BUSINESS ENTITY SHALL:**

**(i) PROVIDE COMPENSATION FOR THE QUALIFIED POSITIONS FOR WHICH THE BUSINESS ENTITY SEEKS TO CLAIM THE CREDIT IN AN AMOUNT THAT, ON AVERAGE, EQUALS AT LEAST \$100,000 EACH YEAR; AND**

**(ii) PROVIDE TO THE DEPARTMENT, FOR EACH BENEFIT YEAR, EVIDENCE OF THE COMPENSATION REQUIRED UNDER THIS SUBSECTION.**

**(2) TO BE ELIGIBLE FOR A CREDIT AGAINST THE STATE INCOME TAX ESTABLISHED UNDER § 10-746 OF THE TAX – GENERAL ARTICLE FOR THE FILLING OF QUALIFIED POSITIONS AFTER THE FIRST BENEFIT YEAR, A QUALIFIED BUSINESS ENTITY SHALL FILL THE REQUIRED NUMBER OF QUALIFIED POSITIONS NOT LATER THAN 17 YEARS AFTER ENROLLMENT IN THE PROGRAM.**

**(d) IF THE NUMBER OF QUALIFIED POSITIONS AT THE ELIGIBLE PROJECT DECREASES TO A NUMBER LESS THAN THE NUMBER OF QUALIFIED POSITIONS CLAIMED IN THE FIRST BENEFIT YEAR, THE PROJECT SHALL BE REMOVED FROM THE PROGRAM AND ALL PROGRAM BENEFITS TERMINATE.**

**6-905.**

**THE DEPARTMENT SHALL PROVIDE TO A QUALIFIED BUSINESS ENTITY A CERTIFICATE THAT:**

**(1) CERTIFIES THE ELIGIBILITY OF THE PROJECT THAT IS ENROLLED IN THE PROGRAM;**

**(2) PROVIDES THE DURATION OF THE CERTIFICATION;**

**(3) IS UPDATED AS NEEDED TO REFLECT AN INCREASE IN THE NUMBER OF QUALIFIED POSITIONS FOR WHICH THE QUALIFIED BUSINESS ENTITY IS ELIGIBLE FOR A CREDIT AGAINST THE STATE INCOME TAX, AS PROVIDED UNDER § 10-746 OF THE TAX – GENERAL ARTICLE; AND**

**(4) PROVIDES ANY ADDITIONAL INFORMATION NECESSARY FOR THE QUALIFIED BUSINESS ENTITY TO RECEIVE A PROGRAM BENEFIT FOR WHICH THE BUSINESS ENTITY IS ELIGIBLE, OR WHICH THE COMPTROLLER OR THE DEPARTMENT NEEDS TO ADMINISTER THE PROGRAM.**

**6-906.**

**(A) THE DEPARTMENT MAY REVOKE ITS CERTIFICATION UNDER THIS SUBTITLE, IN WHOLE OR IN PART, IF:**

**(1) ANY REPRESENTATION MADE BY A QUALIFIED BUSINESS ENTITY IS DETERMINED BY THE DEPARTMENT TO HAVE BEEN FALSE WHEN MADE; OR**

**(2) AS DETERMINED BY THE DEPARTMENT, THE ACTUAL EXPENDITURES AND HIRING OF EMPLOYEES TO FILL QUALIFIED POSITIONS BY THE QUALIFIED BUSINESS ENTITY OPERATING THE PROJECT ARE SIGNIFICANTLY BELOW THE ESTIMATES IN THE PROJECT PLAN PROVIDED BY THE BUSINESS ENTITY UNDER § 6-903(D)(1)(II) OF THIS SUBTITLE.**

**(B) IF THE DEPARTMENT REVOKES ITS CERTIFICATION UNDER SUBSECTION (A) OF THIS SECTION, THE COMPTROLLER MAY MAKE AN ASSESSMENT AGAINST THE QUALIFIED BUSINESS ENTITY TO RECAPTURE ANY AMOUNT OF A PROGRAM BENEFIT THAT THE QUALIFIED BUSINESS ENTITY HAS RECEIVED.**

**6-907.**

**(A) THE DEPARTMENT MAY REQUIRE THAT ANY INFORMATION PROVIDED UNDER THIS SUBTITLE BE VERIFIED BY AN INDEPENDENT CERTIFIED PUBLIC ACCOUNTANT THAT THE QUALIFIED BUSINESS ENTITY AND THE DEPARTMENT SELECT.**

**(B) (1) ACCEPTANCE BY A QUALIFIED BUSINESS ENTITY OF THE PROGRAM BENEFITS UNDER THIS SUBTITLE SHALL BE DEEMED TO AUTHORIZE THE COMPTROLLER TO SHARE WITH THE DEPARTMENT ANY INFORMATION RECEIVED FROM A QUALIFIED BUSINESS ENTITY ABOUT ELIGIBILITY FOR A PROGRAM BENEFIT ALLOWED UNDER THIS SUBTITLE.**

**(2) INFORMATION THAT IS RECEIVED BY THE DEPARTMENT OR THE COMPTROLLER UNDER PARAGRAPH (1) OF THIS SUBSECTION IS SUBJECT TO CONFIDENTIALITY REQUIREMENTS ESTABLISHED BY LAW.**

**6-908.**

**THE SECRETARY MAY ADOPT ANY REGULATIONS NECESSARY AND APPROPRIATE TO CARRY OUT THIS SUBTITLE.**

**6-909.**

**ON OR BEFORE DECEMBER 1 EACH YEAR, THE DEPARTMENT SHALL REPORT TO THE GENERAL ASSEMBLY, IN ACCORDANCE WITH § 2-1246 OF THE STATE**

**GOVERNMENT ARTICLE, ON THE QUALIFIED BUSINESS ENTITIES RECEIVING FINAL CERTIFICATION IN THE PRECEDING FISCAL YEAR.**

**Article – Tax – General**

**10–746.**

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

**(2) “BUSINESS ENTITY” HAS THE MEANING STATED IN § 6–901 OF THE ECONOMIC DEVELOPMENT ARTICLE.**

**(3) “DEPARTMENT” MEANS THE DEPARTMENT OF COMMERCE.**

**(4) “ELIGIBLE PROJECT” HAS THE MEANING STATED IN § 6–901 OF THE ECONOMIC DEVELOPMENT ARTICLE.**

**(5) “QUALIFIED BUSINESS ENTITY” HAS THE MEANING STATED IN § 6–901 OF THE ECONOMIC DEVELOPMENT ARTICLE.**

**(6) “QUALIFIED POSITION” HAS THE MEANING STATED IN § 6–901 OF THE ECONOMIC DEVELOPMENT ARTICLE.**

**(B) (1) TO BE ELIGIBLE FOR THE CREDIT UNDER THIS SECTION, A QUALIFIED BUSINESS ENTITY SHALL:**

**(I) COMPENSATE THE EMPLOYEES EMPLOYED IN THE QUALIFIED POSITIONS FOR WHICH THE BUSINESS ENTITY CLAIMS THE CREDIT UNDER THIS SECTION IN AN AMOUNT THAT, ON AVERAGE, EQUALS AT LEAST \$100,000 ANNUALLY; AND**

**(II) FILL THE REQUIRED NUMBER OF QUALIFIED POSITIONS NOT LATER THAN 17 YEARS AFTER INITIAL ENROLLMENT IN THE PROGRAM.**

**(2) SUBJECT TO THE LIMITATIONS OF THIS SECTION, AN INDIVIDUAL OR A CORPORATION THAT IS A QUALIFIED BUSINESS ENTITY THAT OPERATES AN ELIGIBLE PROJECT IN THE STATE MAY CLAIM A CREDIT AGAINST THE STATE INCOME TAX EQUAL TO THE AMOUNT STATED IN THE FINAL TAX CREDIT CERTIFICATE APPROVED BY THE DEPARTMENT FOR AN ELIGIBLE PROJECT.**

**(3) THE AMOUNT OF THE CREDIT AUTHORIZED UNDER PARAGRAPH (2) OF THIS SUBSECTION IS EQUAL TO THE PRODUCT OF:**

**(I) THE STATE EMPLOYER WITHHOLDING AMOUNT, WHICH IS EQUAL TO THE HIGHEST TAX RATE LISTED IN § 10-105(A) OF THIS TITLE; AND**

**(II) SUBJECT TO PARAGRAPH (1) OF THIS SUBSECTION, THE TOTAL AMOUNT OF WAGES PAID FOR EACH QUALIFIED POSITION AT AN ELIGIBLE PROJECT.**

**(4) IF THE TAX CREDIT ALLOWED UNDER THIS SECTION IN ANY TAXABLE YEAR EXCEEDS THE TOTAL TAX OTHERWISE PAYABLE BY THE QUALIFIED BUSINESS ENTITY FOR THAT TAXABLE YEAR, THE QUALIFIED BUSINESS ENTITY MAY CLAIM A REFUND IN THE AMOUNT OF THE EXCESS.**

**(C) (1) ON ENROLLMENT IN THE PROMOTING EXTRAORDINARY INNOVATION IN MARYLAND'S ECONOMY PROGRAM ESTABLISHED UNDER TITLE 6, SUBTITLE 9 OF THE ECONOMIC DEVELOPMENT ARTICLE, A QUALIFIED BUSINESS ENTITY SHALL APPLY TO THE DEPARTMENT FOR A CERTIFICATE OF ELIGIBILITY FOR A TAX CREDIT UNDER THIS SECTION.**

**(2) THE APPLICATION SHALL BE IN THE FORM AND SHALL CONTAIN THE INFORMATION THAT THE DEPARTMENT REQUIRES.**

**(3) (I) EACH YEAR, SUBJECT TO THE LIMITATIONS OF THIS SUBSECTION, THE DEPARTMENT SHALL ISSUE AN INITIAL TAX CREDIT CERTIFICATE IN AN AMOUNT EQUAL TO A PERCENTAGE OF TOTAL WAGES PAID FOR EACH QUALIFIED POSITION AT AN ELIGIBLE PROJECT AS CALCULATED UNDER SUBSECTION (B) OF THIS SECTION.**

**(II) AN INITIAL TAX CREDIT CERTIFICATE ISSUED UNDER THIS SUBSECTION SHALL STATE THE MAXIMUM AMOUNT OF TAX CREDIT FOR WHICH THE QUALIFIED BUSINESS ENTITY IS ELIGIBLE.**

**(III) THE DEPARTMENT SHALL ISSUE A FINAL TAX CREDIT CERTIFICATE TO THE QUALIFIED BUSINESS ENTITY BASED ON AN AMOUNT EQUAL TO A PERCENTAGE OF THE TOTAL ACTUAL WAGES PAID FOR EACH QUALIFIED POSITION AT AN ELIGIBLE PROJECT AS CALCULATED UNDER SUBSECTION (B) OF THIS SECTION.**

**(D) ON OR BEFORE JULY 1 EACH YEAR, THE DEPARTMENT SHALL REPORT TO THE GOVERNOR AND, SUBJECT TO § 2-1246 OF THE STATE GOVERNMENT ARTICLE, THE GENERAL ASSEMBLY ON THE AMOUNT OF TAX CREDITS ISSUED UNDER FINAL TAX CREDIT CERTIFICATES UNDER THE PROGRAM.**

**(E) THE DEPARTMENT AND THE COMPTROLLER JOINTLY SHALL ADOPT REGULATIONS TO:**

**(1) CARRY OUT THE PROVISIONS OF THIS SECTION; AND**

**(2) SPECIFY CRITERIA AND PROCEDURES FOR THE APPLICATION FOR, APPROVAL OF, AND MONITORING OF CONTINUING ELIGIBILITY FOR THE TAX CREDIT UNDER THIS SECTION.**

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

**Article –Tax – General**

**11-234.**

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

**(2) “DEPARTMENT” MEANS THE DEPARTMENT OF COMMERCE.**

**(3) “ELIGIBLE PROJECT” HAS THE MEANING STATED IN § 6-901 OF THE ECONOMIC DEVELOPMENT ARTICLE.**

**(4) “PROGRAM” MEANS THE PROMOTING EXT-RAORDINARY INNOVATION IN MARYLAND’S ECONOMY PROGRAM ESTABLISHED UNDER TITLE 6, SUBTITLE 9 OF THE ECONOMIC DEVELOPMENT ARTICLE.**

**(5) “QUALIFIED BUSINESS ENTITY” HAS THE MEANING STATED IN § 6-901 OF THE ECONOMIC DEVELOPMENT ARTICLE.**

**(6) “QUALIFIED PERSONAL PROPERTY OR SERVICES” MEANS PERSONAL PROPERTY OR SERVICES PURCHASED FOR USE AT AN ELIGIBLE PROJECT BY A QUALIFIED BUSINESS ENTITY THAT IS ENROLLED IN THE PROGRAM.**

**(B) THE SALES AND USE TAX DOES NOT APPLY TO A SALE OF QUALIFIED PERSONAL PROPERTY OR SERVICES IF THE BUYER PROVIDES THE VENDOR WITH EVIDENCE OF ELIGIBILITY FOR THE EXEMPTION ISSUED BY THE COMPTROLLER.**

**(C) (1) EACH YEAR, THE DEPARTMENT SHALL PROVIDE THE COMPTROLLER WITH A LIST OF QUALIFIED BUSINESS ENTITIES.**

**(2) WITHIN 30 DAYS OF RECEIVING A LIST OF QUALIFIED BUSINESS ENTITIES FROM THE DEPARTMENT, THE COMPTROLLER SHALL ISSUE, TO EACH**

**QUALIFIED BUSINESS ENTITY, A CERTIFICATE OF ELIGIBILITY FOR THE EXEMPTION UNDER THIS SECTION.**

**(3) THE CERTIFICATE ISSUED UNDER PARAGRAPH (2) OF THIS SUBSECTION:**

**(I) MUST BE RENEWED EACH YEAR; AND**

**(II) MAY NOT BE RENEWED FOR MORE THAN 10 CONSECUTIVE YEARS.**

SECTION 3. AND BE IT FURTHER ENACTED, That the Laws of Maryland read as follows:

**Article – Tax – Property**

**9–111.**

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

**(2) “ELIGIBLE ASSESSMENT” MEANS THE DIFFERENCE BETWEEN THE BASE YEAR VALUE OF A QUALIFIED PROPERTY AND THE ACTUAL VALUE OF A QUALIFIED PROPERTY AS DETERMINED BY THE DEPARTMENT FOR THE APPLICABLE TAXABLE YEAR IN WHICH THE TAX CREDIT UNDER THIS SECTION IS TO BE GRANTED.**

**(3) “ELIGIBLE PROJECT” HAS THE MEANING STATED IN § 6–901 OF THE ECONOMIC DEVELOPMENT ARTICLE.**

**(4) “QUALIFIED BUSINESS ENTITY” HAS THE MEANING STATED IN § 6–901 OF THE ECONOMIC DEVELOPMENT ARTICLE.**

**(5) “QUALIFIED PROPERTY” MEANS REAL PROPERTY WHERE AN ELIGIBLE PROJECT IS LOCATED.**

**(B) (1) THE GOVERNING BODY OF A COUNTY OR OF A MUNICIPAL CORPORATION SHALL GRANT A PROPERTY TAX CREDIT UNDER THIS SECTION AGAINST THE COUNTY OR MUNICIPAL CORPORATION PROPERTY TAX THAT IS IMPOSED ON THE ELIGIBLE ASSESSMENT OF A QUALIFIED PROPERTY OWNED BY A QUALIFIED BUSINESS ENTITY ENROLLED IN THE PROMOTING EXT–RAORDINARY INNOVATION IN MARYLAND’S ECONOMY PROGRAM ESTABLISHED UNDER TITLE 6, SUBTITLE 9 OF THE ECONOMIC DEVELOPMENT ARTICLE.**

**(2) IN ADDITION TO THE PROPERTY TAX CREDIT PROVIDED UNDER PARAGRAPH (1) OF THIS SUBSECTION, THERE IS A CREDIT AGAINST THE STATE PROPERTY TAX THAT IS IMPOSED ON THE ELIGIBLE ASSESSMENT OF A QUALIFIED PROPERTY OWNED BY A QUALIFIED BUSINESS ENTITY ENROLLED IN THE PROMOTING EXT-RAORDINARY INNOVATION IN MARYLAND'S ECONOMY PROGRAM ESTABLISHED UNDER TITLE 6, SUBTITLE 9 OF THE ECONOMIC DEVELOPMENT ARTICLE.**

**(3) THE PROPERTY TAX CREDITS REQUIRED UNDER PARAGRAPHS (1) AND (2) OF THIS SUBSECTION ARE EQUAL TO 50% OF THE STATE, COUNTY, OR MUNICIPAL CORPORATION PROPERTY TAX THAT IS IMPOSED ON THE ELIGIBLE ASSESSMENT OF A QUALIFIED PROPERTY.**

**(4) A TAX CREDIT UNDER THIS SECTION MAY BE CLAIMED FOR A QUALIFIED PROPERTY FOR 10 CONSECUTIVE YEARS IF THE PROPERTY REMAINS A QUALIFIED PROPERTY OWNED BY A QUALIFIED BUSINESS ENTITY.**

**(C) BY JUNE 15 EACH YEAR, THE DEPARTMENT SHALL SUBMIT TO THE DEPARTMENT OF COMMERCE A LIST THAT INCLUDES:**

**(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 PROPERTY TAX ASSESSED AGAINST EACH QUALIFIED PROPERTY.**

**(D) AS PROVIDED IN THE STATE BUDGET, THE STATE SHALL REIMBURSE EACH COUNTY OR MUNICIPAL CORPORATION AN AMOUNT EQUAL TO ONE-HALF OF THE COUNTY OR MUNICIPAL CORPORATION PROPERTY TAX REVENUE THAT WOULD HAVE BEEN COLLECTED IF THE PROPERTY TAX CREDIT UNDER THIS SECTION HAD NOT BEEN GRANTED.**

**(E) (1) FOR A COUNTY OR MUNICIPAL CORPORATION TO RECEIVE A REIMBURSEMENT UNDER SUBSECTION (D) OF THIS SECTION, THE COUNTY OR MUNICIPAL CORPORATION SHALL SUBMIT AN ANNUAL REQUEST TO THE DEPARTMENT FOR THE AMOUNT REQUIRED BY SUBSECTION (D) OF THIS SECTION.**

**(2) WITHIN 5 WORKING DAYS AFTER THE DEPARTMENT RECEIVES THE REQUEST FROM A COUNTY OR MUNICIPAL CORPORATION, THE DEPARTMENT SHALL CERTIFY TO THE COMPTROLLER THE REIMBURSEMENT DUE TO THE COUNTY OR MUNICIPAL CORPORATION.**

**(3) WITHIN 5 WORKING DAYS AFTER THE COMPTROLLER RECEIVES THE CERTIFICATION FROM THE DEPARTMENT, THE COMPTROLLER SHALL REMIT THE REIMBURSEMENT TO THE COUNTY OR MUNICIPAL CORPORATION.**

9-230.

(b) (3) [A] (I) **EXCEPT AS PROVIDED IN SUBPARAGRAPH (II) OF THIS PARAGRAPH, A tax credit may not be granted under this section if:**

[(i)] ~~A~~ **1.** the business entity or any of its affiliates have moved their operations from one county in the State to the new or expanded premises in another; or

[(ii)] ~~B~~ **2.** the new or expanded premises has otherwise been granted a tax credit or exemption under this article for the taxable year.

**(II) NOTWITHSTANDING ANY OTHER STATE OR LOCAL LAW, SUBPARAGRAPH (I) OF THIS PARAGRAPH DOES NOT APPLY TO A BUSINESS ENTITY THAT HAS BEEN GRANTED A TAX CREDIT UNDER § 9-111 OF THE TAX – PROPERTY ARTICLE.**

SECTION 4. AND BE IT FURTHER ENACTED, That Section 1 of this Act shall be applicable to all taxable years beginning after December 31, 2017.

SECTION 5. AND BE IT FURTHER ENACTED, That Section 3 of this Act shall be applicable to all taxable years beginning after June 30, 2018.

SECTION 6. AND BE IT FURTHER ENACTED, That:

(a) If the Department of Commerce fails to certify a business entity as a qualified business entity under Title 6, Subtitle 9 of the Economic Development Article, as enacted by Section 1 of this Act, before January 1, 2022, this Act, with no further action required by the General Assembly, shall be abrogated and of no further force and effect.

(b) On or before January 5, 2022, the Secretary of Commerce shall provide notice of the taking effect of the termination provision under subsection (a) of this section to the Department of Legislative Services, 90 State Circle, Annapolis, Maryland 21401.

SECTION ~~6~~ **7.** AND BE IT FURTHER ENACTED, That this Act shall take effect June 1, 2018.

**Approved by the Governor, April 25, 2018.**