

# HOUSE BILL 918

Q3

9lr1693

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By: **Delegate Haynes**

Introduced and read first time: February 8, 2019

Assigned to: Ways and Means

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## A BILL ENTITLED

1 AN ACT concerning

2 **Income Tax – Credit for Opportunity Zone Employers – Formerly Incarcerated**  
3 **Individuals**

4 FOR the purpose of allowing certain employers operating in an opportunity zone in the  
5 State a credit against the State income tax if the employer hires a formerly  
6 incarcerated individual during the taxable year; establishing the amount of the  
7 credit; prohibiting an employer from claiming the credit under certain  
8 circumstances; prohibiting the carryforward of the credit; making the credit  
9 refundable for certain tax exempt employers; providing for the application of this  
10 Act; defining certain terms; and generally relating to an income tax credit for hiring  
11 formerly incarcerated individuals to work in an opportunity zone.

12 BY adding to  
13 Article – Tax – General  
14 Section 10–749  
15 Annotated Code of Maryland  
16 (2016 Replacement Volume and 2018 Supplement)

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

19 **Article – Tax – General**

20 **10–749.**

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

23 (2) “OPPORTUNITY ZONE” MEANS A GEOGRAPHICAL AREA  
24 DESIGNATED AND IN EFFECT AS A QUALIFIED OPPORTUNITY ZONE IN THE STATE

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EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 UNDER § 1400Z-1 OF THE INTERNAL REVENUE CODE.

2 (3) "QUALIFIED EMPLOYEE" MEANS A FORMERLY INCARCERATED  
3 INDIVIDUAL.

4 (4) "QUALIFIED EMPLOYER" MEANS:

5 (I) A PERSON CONDUCTING OR OPERATING A TRADE OR  
6 BUSINESS IN AN OPPORTUNITY ZONE IN THE STATE; OR

7 (II) AN ORGANIZATION OPERATING IN AN OPPORTUNITY ZONE  
8 IN THE STATE THAT IS EXEMPT FROM TAXATION UNDER § 501(C)(3) OR (4) OF THE  
9 INTERNAL REVENUE CODE.

10 (B) SUBJECT TO SUBSECTION (C) OF THIS SECTION, A QUALIFIED  
11 EMPLOYER THAT HIRES A QUALIFIED EMPLOYEE TO WORK FULL TIME FOR THE  
12 EMPLOYER DURING THE TAXABLE YEAR MAY CLAIM A CREDIT AGAINST THE STATE  
13 INCOME TAX IN AN AMOUNT EQUAL TO \$1,000 FOR EACH QUALIFIED EMPLOYEE.

14 (C) A QUALIFIED EMPLOYER MAY NOT CLAIM THE CREDIT UNDER THIS  
15 SECTION:

16 (1) FOR MORE THAN FIVE QUALIFIED EMPLOYEES IN A TAXABLE  
17 YEAR; OR

18 (2) FOR A QUALIFIED EMPLOYEE WHO IS HIRED TO REPLACE A  
19 LAID-OFF EMPLOYEE OR AN EMPLOYEE WHO IS ON STRIKE.

20 (D) (1) EXCEPT AS PROVIDED IN SUBSECTION (E) OF THIS SECTION, THE  
21 TOTAL AMOUNT OF THE CREDIT ALLOWED UNDER THIS SECTION FOR ANY TAXABLE  
22 YEAR MAY NOT EXCEED THE STATE INCOME TAX IMPOSED FOR THAT TAXABLE YEAR.

23 (2) THE UNUSED AMOUNT OF THE CREDIT FOR ANY TAXABLE YEAR  
24 MAY NOT BE CARRIED OVER TO ANY OTHER TAXABLE YEAR.

25 (E) IF THE CREDIT ALLOWED UNDER THIS SUBSECTION IN ANY TAXABLE  
26 YEAR EXCEEDS THE SUM OF THE STATE INCOME TAX OTHERWISE PAYABLE BY AN  
27 ORGANIZATION THAT IS EXEMPT FROM TAXATION UNDER § 501(C)(3) OR (4) OF THE  
28 INTERNAL REVENUE CODE, THE ORGANIZATION MAY RECEIVE A REFUND OF THE  
29 EXCESS CREDIT.

30 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect July  
31 1, 2019, and shall be applicable to all taxable years beginning after December 31, 2018.