

HOUSE BILL 1117

C8, Q2

0lr1206

By: **Delegates Palakovich Carr, Acevero, Lehman, R. Lewis, Moon, Stewart, and Wilkins**

Introduced and read first time: February 6, 2020

Assigned to: Ways and Means

A BILL ENTITLED

1 AN ACT concerning

2 **Economic Development – Enterprise Zone Program – Alterations**

3 FOR the purpose of prohibiting the Secretary of Commerce from designating a new
4 enterprise zone or granting an expansion of an existing enterprise zone under certain
5 circumstances; altering the circumstances under which the Secretary may grant an
6 expansion of an enterprise zone; limiting the area by which an existing enterprise
7 zone may be expanded in a single calendar year; requiring each county within which
8 an enterprise zone is located to submit to the Department of Commerce and the
9 Comptroller a certain report on or before a certain date; requiring the Department
10 to provide certain notification to a county under certain circumstances; requiring the
11 Department and the Comptroller to jointly develop certain metrics and a framework
12 for analyzing certain matters; requiring the Secretary to adopt certain regulations;
13 limiting the amount the State may remit each fiscal year to each county or municipal
14 corporation for certain property tax credits granted under the Enterprise Zone
15 Program; making a stylistic change and a technical correction; and generally relating
16 to the Enterprise Zone Program.

17 BY repealing and reenacting, with amendments,
18 Article – Economic Development
19 Section 5–704(a)(4) and (b), 5–705, and 5–709
20 Annotated Code of Maryland
21 (2018 Replacement Volume and 2019 Supplement)

22 BY repealing and reenacting, without amendments,
23 Article – Economic Development
24 Section 5–707(a)
25 Annotated Code of Maryland
26 (2018 Replacement Volume and 2019 Supplement)

27 BY repealing and reenacting, without amendments,

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 Article – Tax – Property
 2 Section 9–103(b)(1)
 3 Annotated Code of Maryland
 4 (2019 Replacement Volume)

5 BY repealing and reenacting, with amendments,
 6 Article – Tax – Property
 7 Section 9–103(h)
 8 Annotated Code of Maryland
 9 (2019 Replacement Volume)

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

12 **Article – Economic Development**

13 5–704.

14 (a) (4) The Secretary:

15 **(I) SHALL ADOPT REGULATIONS GOVERNING THE EVALUATION**
 16 **AND PRIORITIZATION OF APPLICATIONS FOR THE DESIGNATION OF NEW**
 17 **ENTERPRISE ZONES UNDER THIS SECTION AND THE EXPANSION OF EXISTING**
 18 **ENTERPRISE ZONES UNDER § 5–705 OF THIS SUBTITLE; AND**

19 **(II) may [establish by regulation any other requirements] ADOPT**
 20 **REGULATIONS** necessary and appropriate to carry out this subtitle.

21 (b) (1) Within 60 days after a submission date, the Secretary may designate
 22 one or more enterprise zones from among the areas described in the applications timely
 23 submitted.

24 (2) The designation of an area as an enterprise zone is effective for 10
 25 years.

26 (3) **[The] SUBJECT TO PARAGRAPH (4) OF THIS SUBSECTION, THE**
 27 **Secretary may not designate more than six enterprise zones in a calendar year.**

28 **(4) THE SECRETARY MAY NOT DESIGNATE A NEW ENTERPRISE ZONE**
 29 **IN A CALENDAR YEAR IF THE DEPARTMENT REASONABLY ANTICIPATES THE**
 30 **AGGREGATE AMOUNT OF PROPERTY TAX CREDITS CLAIMED UNDER § 9–103 OF THE**
 31 **TAX – PROPERTY ARTICLE MAY EXCEED \$50,000,000.**

32 **[(4)] (5) A county may not receive more than two enterprise zones in a**
 33 **calendar year.**

1 5-705.

2 (a) (1) A political subdivision may apply to the Secretary to expand an existing
3 enterprise zone in the same manner as the political subdivision would apply to designate a
4 new enterprise zone.

5 (2) **[The] EXCEPT AS PROVIDED IN SUBSECTION (C) OF THIS SECTION,**
6 **THE** Secretary may grant an expansion of an enterprise zone into an area:

7 (I) that meets the requirements of § 5-704 of this subtitle;

8 (II) **WITHIN WHICH BUSINESS ENTITIES HAVE EXPRESSED AN**
9 **INTEREST IN LOCATING; AND**

10 (III) **WITHIN WHICH BASIC INFRASTRUCTURE ALREADY EXISTS**
11 **TO FACILITATE BUSINESS DEVELOPMENT.**

12 (3) **AN EXPANSION OF AN EXISTING ENTERPRISE ZONE IN A SINGLE**
13 **CALENDAR YEAR MAY NOT EXCEED 100 ACRES.**

14 ~~[(3)]~~ (4) For purposes of § 5-704(b) of this subtitle, an expansion of an
15 enterprise zone that does not exceed 50% of the existing geographic area of the enterprise
16 zone does not count towards the limit on the number of enterprise zones that:

17 (i) the Secretary may designate in a calendar year; or

18 (ii) a county may receive in a calendar year.

19 (b) (1) **[The] EXCEPT AS PROVIDED IN SUBSECTION (C) OF THIS SECTION,**
20 **THE** Secretary may grant one extraordinary expansion of an enterprise zone in the State
21 each calendar year for an area that:

22 (i) meets the requirements of § 5-704 of this subtitle; and

23 (ii) in the determination of the Secretary, has suffered a significant
24 loss of economic base.

25 (2) For purposes of § 5-704(b) of this subtitle, an extraordinary expansion
26 of an enterprise zone does not count towards the limit on the number of enterprise zones
27 that:

28 (i) the Secretary may designate in a calendar year; or

29 (ii) a county may receive in a calendar year.

30 (C) **THE SECRETARY MAY NOT GRANT AN EXPANSION OF AN EXISTING**

1 **ENTERPRISE ZONE IN A CALENDAR YEAR IF THE DEPARTMENT REASONABLY**
2 **ANTICIPATES THE AGGREGATE AMOUNT OF PROPERTY TAX CREDITS CLAIMED**
3 **UNDER § 9-103 OF THE TAX – PROPERTY ARTICLE MAY EXCEED \$50,000,000.**

4 5-707.

5 (a) To the extent provided for in this section, a business entity is entitled to:

6 (1) the special property tax credit in § 9-103 of the Tax – Property Article;

7 (2) the income tax credits in § 10-702 of the Tax – General Article; and

8 (3) consideration for financial assistance from programs in Subtitle 1 of
9 this title.

10 5-709.

11 (a) The Department and the Comptroller jointly shall assess each year the
12 effectiveness of the tax credits provided to business entities in enterprise zones and focus
13 areas in enterprise zones, including:

14 (1) the number and amounts of credits granted each year; and

15 (2) the success of the tax credits in attracting and retaining business
16 entities in enterprise zones and focus areas.

17 **(B) (1) ON OR BEFORE SEPTEMBER 15 EACH YEAR, EACH COUNTY**
18 **WITHIN WHICH AN ENTERPRISE ZONE IS LOCATED SHALL SUBMIT TO THE**
19 **DEPARTMENT AND THE COMPTROLLER A DETAILED REPORT ON EACH ENTERPRISE**
20 **ZONE IN THE COUNTY, WHICH SHALL INCLUDE SUFFICIENT INFORMATION TO ASSIST**
21 **THE DEPARTMENT AND THE COMPTROLLER IN THE ASSESSMENT REQUIRED UNDER**
22 **SUBSECTION (A) OF THIS SECTION.**

23 **(2) (I) IF A COUNTY FAILS TO PROVIDE THE REPORT REQUIRED**
24 **UNDER PARAGRAPH (1) OF THIS SUBSECTION, THE DEPARTMENT SHALL NOTIFY**
25 **THE COUNTY THAT THE REPORT IS DUE.**

26 **(II) IF, AFTER THE DEPARTMENT HAS PROVIDED A COUNTY THE**
27 **NOTICE DESCRIBED UNDER SUBPARAGRAPH (I) OF THIS PARAGRAPH, THE COUNTY**
28 **FAILS TO PROMPTLY PROVIDE THE OVERDUE REPORT, THE SECRETARY MAY NOT**
29 **DESIGNATE A NEW ENTERPRISE ZONE IN THE COUNTY OR GRANT THE EXPANSION OF**
30 **AN EXISTING ENTERPRISE ZONE IN THE COUNTY UNTIL THE REPORT IS RECEIVED**
31 **BY THE DEPARTMENT.**

32 **(C) (1) THE DEPARTMENT AND THE COMPTROLLER SHALL JOINTLY**

1 DEVELOP FORMAL METRICS AND A FRAMEWORK FOR ANALYZING:

2 (I) THE COST-EFFECTIVENESS OF EACH ENTERPRISE ZONE;
3 AND

4 (II) THE EFFECTIVENESS OF EACH ENTERPRISE ZONE IN
5 ATTRACTING BUSINESSES AND INCREASING EMPLOYMENT.

6 (2) THE METRICS DEVELOPED IN ACCORDANCE WITH PARAGRAPH (1)
7 OF THIS SUBSECTION SHALL INCLUDE CLEARLY IDENTIFIED OUTCOMES AND
8 QUANTIFIABLE MEASURES, SUCH AS PROJECT EVALUATIONS, EMPLOYMENT
9 TRENDS, IMPACTS ON POVERTY AND POPULATION, PRIVATE-SECTOR INVESTMENT
10 IN COMMUNITIES, AND OVERALL COMMUNITY REVITALIZATION.

11 [(b)] (D) On or before December 15 of each year, the Department and the
12 Comptroller shall submit to the Governor and, in accordance with § 2-1257 of the State
13 Government Article, the General Assembly a report outlining the findings of the
14 Department and the Comptroller and any other information of value in determining the
15 effectiveness of the tax credits provided under § 5-707(b) of this subtitle.

16 Article – Tax – Property

17 9-103.

18 (b) (1) The governing body of a county or of a municipal corporation shall grant
19 a tax credit under this section against the property tax imposed on the eligible assessment
20 of qualified property.

21 (h) (1) [As] SUBJECT TO PARAGRAPH (2) OF THIS SUBSECTION, AS
22 provided in the State budget, the State shall remit to each county or municipal corporation
23 an amount equal to one-half of the funds that would have been collected if the property tax
24 credit under this section had not been granted.

25 (2) FOR EACH FISCAL YEAR, THE AGGREGATE AMOUNT THE STATE
26 MAY REMIT IN ACCORDANCE WITH PARAGRAPH (1) OF THIS SUBSECTION MAY NOT
27 EXCEED \$25,000,000.

28 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect July
29 1, 2020.