

BY: Committee on Ways and Means

AMENDMENTS TO SENATE BILL NO. 558

(Third Reading File Bill)

AMENDMENT NO. 1

On page 1, strike line 2 in its entirety and substitute:

“Tax Credits - Creation of New Jobs and Employment of Individuals with Disabilities”;

strike in their entirety, lines 3 through 19 and substitute:

“FOR the purpose of authorizing certain credits against the State income tax, insurance premiums tax, financial institution franchise tax, and public service company franchise tax for certain business entities that expand in or locate in the State and create a certain number of new full-time jobs at a certain wage level within a certain period; allowing an additional credit for certain jobs created in certain areas; defining certain terms; providing for the conditions to receive and calculation and use of the credit; providing for certification by the Secretary of Business and Economic Development of business entities as eligible for the credit; limiting the maximum credit that a business entity may be allowed for any credit year; requiring the recapture of the credit under certain circumstances; allowing a credit against the State income tax, insurance premiums tax, financial institution franchise tax, and public service company franchise tax for certain wages paid to certain employees with disabilities; providing for the calculation and use of the credit; requiring certain addition modifications if the credit is claimed; requiring a certain certification prior to claiming the credit; prohibiting an employer from claiming the credit under certain circumstances; providing for the administration of the tax credits; requiring certain studies and reports; requiring the Governor to work with the chief executive officers of certain states and the District of Columbia to negotiate a certain agreement for the repeal of certain tax subsidy laws; providing for the effective date and application of this Act; providing for the termination of certain provisions of this Act; providing for the future codification of certain provisions of this Act; and generally relating to tax credits for the creation of new jobs and employment of individuals with disabilities.”;

(Over)

in line 22, strike “5-1107” and substitute “5-1103”; and in line 23, strike “Credit” and substitute “Credits”.

On page 2, strike in their entirety, lines 11 through 16, inclusive; after line 22, insert:

“BY adding to

Article - Education

Section 21-307

Annotated Code of Maryland

(1992 Replacement Volume and 1995 Supplement)

BY adding to

Article 48A - Insurance Code

Section 632(f)

Annotated Code of Maryland

(1994 Replacement Volume and 1995 Supplement)

BY adding to

Article - Tax - General

Section 8-215, 8-412, and 10-704.5

Annotated Code of Maryland

(1988 Volume and 1995 Supplement)

BY repealing and reenacting, with amendments,

Article - Tax - General

Section 10-205(b) and 10-306(b)(1)

Annotated Code of Maryland

(1988 Volume and 1995 Supplement)”.

AMENDMENT NO. 2

On pages 2 through 9, strike in their entirety the lines beginning with line 28 on page 2 through line 1 on page 9 and substitute:

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

(B) “CENTRAL FINANCIAL, REAL ESTATE, OR INSURANCE SERVICES” MEANS

THE PERFORMANCE OF CENTRAL MANAGEMENT OR ADMINISTRATIVE FUNCTIONS FOR A BUSINESS ENTITY ENGAGED IN FINANCIAL, REAL ESTATE, OR INSURANCE SERVICES, SUCH AS GENERAL MANAGEMENT, ACCOUNTING, COMPUTER TABULATING, DATA PROCESSING, PURCHASING, TRANSPORTATION OR SHIPPING, ADVERTISING, LEGAL, FINANCIAL, AND RESEARCH AND DEVELOPMENT.

(C) (1) "COMPANY HEADQUARTERS" MEANS A FACILITY WHERE THE MAJORITY OF THE BUSINESS ENTITY'S FINANCIAL, PERSONNEL, LEGAL, AND PLANNING FUNCTIONS ARE HANDLED EITHER ON A REGIONAL OR NATIONAL BASIS.

(2) "COMPANY HEADQUARTERS" DOES NOT INCLUDE THE HEADQUARTERS OF A PROFESSIONAL SPORTS ORGANIZATION.

(D) "CREDIT YEAR" MEANS THE TAXABLE YEAR IN WHICH A QUALIFIED BUSINESS ENTITY CLAIMS THE CREDIT DESCRIBED IN THIS SECTION.

(E) "FULL-TIME POSITION" MEANS A POSITION REQUIRING AT LEAST 840 HOURS OF AN EMPLOYEE'S TIME DURING AT LEAST 24 WEEKS IN A 6-MONTH PERIOD.

(F) "QUALIFIED BUSINESS ENTITY" MEANS A PERSON CONDUCTING OR OPERATING A TRADE OR BUSINESS IN MARYLAND WHO:

(1) IS ENGAGED IN AN ACTIVITY SPECIFIED IN § 5-1102(B) OF THIS SUBTITLE; AND

(2) DURING ANY 24-MONTH PERIOD CREATES AT LEAST 50 QUALIFIED POSITIONS.

(G) "QUALIFIED EMPLOYEE" MEANS AN EMPLOYEE FILLING A QUALIFIED POSITION.

(H) (1) "QUALIFIED POSITION" MEANS A POSITION THAT:

(Over)

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

(II) PAYS AT LEAST 150% OF THE FEDERAL MINIMUM WAGE;

(III) IS LOCATED IN MARYLAND;

(IV) IS NEWLY CREATED, AS A RESULT OF THE ESTABLISHMENT OR EXPANSION OF A BUSINESS FACILITY IN A SINGLE LOCATION IN THE STATE; AND

(V) IS FILLED.

(2) "QUALIFIED POSITION" DOES NOT INCLUDE A POSITION THAT IS:

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

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

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

(I) "REVITALIZATION AREA" MEANS A GEOGRAPHICALLY DEFINED AREA OF A

LOCAL JURISDICTION WHICH IS DESIGNATED IN ACCORDANCE WITH ARTICLE 83B, § 2-1303(B) OF THE CODE OR WHICH IS DETERMINED TO BE ELIGIBLE FOR ENTERPRISE DESIGNATION IN ACCORDANCE WITH ARTICLE 83A, § 5-403 OF THE CODE.

(J) "SECRETARY" MEANS THE SECRETARY OF BUSINESS AND ECONOMIC DEVELOPMENT OR THE SECRETARY'S DESIGNEE.

5-1102.

(A) IT IS THE INTENT OF THE GENERAL ASSEMBLY THAT THE JOB CREATION TAX CREDITS AUTHORIZED UNDER THIS SUBTITLE ARE FOR THE PURPOSE OF INCREASING THE NUMBER OF NEW JOBS IN THE STATE BY ENCOURAGING THE EXPANSION OF EXISTING PRIVATE SECTOR ENTERPRISES AND THE ESTABLISHMENT OR ATTRACTION OF NEW PRIVATE SECTOR ENTERPRISES.

(B) (1) THE SECRETARY SHALL CERTIFY A BUSINESS ENTITY AS QUALIFYING FOR THE TAX CREDIT PROVIDED UNDER THIS SUBTITLE IF THE BUSINESS ENTITY SATISFIES THE CRITERIA SET FORTH IN THIS SECTION.

(2) TO QUALIFY FOR THE TAX CREDIT PROVIDED UNDER THIS SUBTITLE, A BUSINESS ENTITY MUST ESTABLISH OR EXPAND A BUSINESS FACILITY IN THE STATE THAT:

(I) RESULTS IN THE CREATION OF AT LEAST 50 QUALIFIED POSITIONS; AND

(II) IS ENGAGED IN:

1. MANUFACTURING OR MINING;

2. TRANSPORTATION OR COMMUNICATIONS;

3. AGRICULTURE, FORESTRY, OR FISHING;

(Over)

4. RESEARCH, DEVELOPMENT, OR TESTING;

5. BIOTECHNOLOGY;

6. COMPUTER PROGRAMMING, DATA PROCESSING, OR
OTHER COMPUTER RELATED SERVICES;

7. CENTRAL FINANCIAL, REAL ESTATE, OR INSURANCE
SERVICES;

8. THE OPERATION OF CENTRAL ADMINISTRATIVE OFFICES
OR A COMPANY HEADQUARTERS;

9. A PUBLIC UTILITY;

10. WAREHOUSING; OR

11. OPERATION OF ENTERTAINMENT, RECREATION,
CULTURAL, OR TOURISM-RELATED ACTIVITIES IN A MULTIUSE FACILITY LOCATED
WITHIN A REVITALIZATION AREA IF THE FACILITY GENERATES A MINIMUM OF 1,000
NEW FULL-TIME EQUIVALENT FILLED POSITIONS IN A 24-MONTH PERIOD AND IS NOT
PRIMARILY USED BY A PROFESSIONAL SPORTS FRANCHISE.

(3) THE TERMS USED IN PARAGRAPH (2)(II) OF THIS SUBSECTION
TO REFER TO VARIOUS TYPES OF BUSINESSES SHALL HAVE THE SAME MEANINGS
AS THOSE TERMS WHICH ARE COMMONLY DEFINED IN THE STANDARD INDUSTRIAL
CLASSIFICATION MANUAL.

(C) (1) A BUSINESS ENTITY MAY CLAIM A TAX CREDIT IN THE AMOUNT
DETERMINED UNDER THIS SECTION IF THE BUSINESS ENTITY IS CERTIFIED AS
QUALIFYING BY THE SECRETARY.

(2) (I) EXCEPT AS OTHERWISE PROVIDED IN THIS SECTION, A QUALIFIED

BUSINESS ENTITY IS ALLOWED A CREDIT UNDER THIS SECTION IN AN AMOUNT EQUAL TO 2 1/2% OF THE TOTAL WAGES PAID BY THE QUALIFIED BUSINESS ENTITY DURING THE CREDIT YEAR TO ALL OF THE NEWLY HIRED QUALIFIED EMPLOYEES.

(II) IN THE CASE OF A QUALIFIED BUSINESS ENTITY WHOSE NEWLY HIRED QUALIFIED EMPLOYEES ARE WORKING IN A FACILITY LOCATED IN A REVITALIZATION AREA, THE BUSINESS ENTITY IS ALLOWED A CREDIT UNDER THIS SECTION IN AN AMOUNT EQUAL TO 5% OF THE TOTAL WAGES PAID BY THE QUALIFIED BUSINESS ENTITY DURING THE CREDIT YEAR TO ALL OF THE NEWLY HIRED QUALIFIED EMPLOYEES.

(3) TAX CREDITS UNDER THIS SECTION ARE FOR 1 TAXABLE YEAR ONLY AND MAY NOT BE TAKEN AGAIN FOR THE SAME QUALIFIED POSITION IN A SUCCEEDING TAXABLE YEAR.

(4) THE CREDIT ALLOWED TO A BUSINESS ENTITY UNDER THIS SUBTITLE MAY NOT EXCEED \$1,000,000 FOR ANY CREDIT YEAR.

(5) THE SAME CREDIT CANNOT BE APPLIED MORE THAN ONCE AGAINST DIFFERENT TAXES BY THE SAME TAXPAYER.

(6) (I) IN ORDER TO RECEIVE CERTIFICATION THAT A BUSINESS ENTITY IS ELIGIBLE TO RECEIVE THE TAX CREDIT PROVIDED UNDER THIS SUBTITLE, A BUSINESS ENTITY SHALL SUBMIT THE FOLLOWING TO THE DEPARTMENT IN ACCORDANCE WITH REGULATIONS ADOPTED BY THE DEPARTMENT:

1. THE EFFECTIVE DATE OF THE START-UP OR EXPANSION;
2. THE NUMBER OF FULL-TIME EMPLOYEES PRIOR TO THE START-UP OR EXPANSION AND THE PAYROLL OF THE EXISTING EMPLOYEES;
3. THE NUMBER OF QUALIFIED POSITIONS CREATED, QUALIFIED EMPLOYEES HIRED, AND THE PAYROLL OF THOSE EMPLOYEES; AND

(Over)

4. ANY OTHER INFORMATION THAT THE DEPARTMENT REQUIRES BY REGULATION.

(II) THE DEPARTMENT MAY REQUIRE ANY INFORMATION REQUIRED UNDER THIS PARAGRAPH TO BE VERIFIED BY AN INDEPENDENT AUDITOR SELECTED BY THE BUSINESS ENTITY.

(7) A QUALIFIED BUSINESS ENTITY MUST OBTAIN, AND SUBMIT TO THE APPROPRIATE STATE AGENCY WITH THE TAX RETURN ON WHICH THE CREDIT IS CLAIMED, CERTIFICATION FROM THE DEPARTMENT THAT THE ENTITY HAS MET THE REQUIREMENTS OF THIS SECTION AND IS ELIGIBLE FOR THE CREDIT.

(D) (1) IF THE CREDIT ALLOWED UNDER THIS SECTION IN ANY TAXABLE YEAR EXCEEDS THE TOTAL TAX OTHERWISE OWED BY THE QUALIFIED BUSINESS ENTITY FOR THAT TAXABLE YEAR, THE QUALIFIED BUSINESS ENTITY MAY APPLY THE EXCESS AS A CREDIT FOR SUCCEEDING TAXABLE YEARS UNTIL THE EARLIER OF:

(I) THE FULL AMOUNT OF THE EXCESS IS USED; OR

(II) THE EXPIRATION OF THE 10TH TAXABLE YEAR FROM THE CREDIT YEAR.

(2) THE CREDIT UNDER THIS SECTION MAY NOT BE CARRIED BACK TO A PRECEDING TAXABLE YEAR.

(E) (1) IF, DURING ANY OF THE 3 YEARS SUCCEEDING THE CREDIT YEAR, THE NUMBER OF QUALIFIED POSITIONS OF THE QUALIFYING BUSINESS ENTITY FALLS MORE THAN 5% BELOW THE AVERAGE NUMBER OF QUALIFIED POSITIONS DURING THE CREDIT YEAR ON WHICH THE CREDIT WAS COMPUTED, THE CREDIT SHALL BE RECAPTURED AS FOLLOWS:

(I) THE CREDIT SHALL BE RECOMPUTED TO REDUCE THE CREDIT BY THE PERCENTAGE REDUCTION OF THE NUMBER OF QUALIFIED EMPLOYEES;

(II) THE RECOMPUTED CREDIT SHALL BE SUBTRACTED FROM THE

AMOUNT OF CREDIT PREVIOUSLY ALLOWED; AND

(III) THE QUALIFYING BUSINESS ENTITY SHALL OWE THE DIFFERENCE AS TAXES PAYABLE TO THE STATE FOR THE TAXABLE YEAR IN WHICH THE NUMBER OF QUALIFIED POSITIONS FALLS MORE THAN 5% BELOW THE AVERAGE NUMBER OF QUALIFIED POSITIONS DURING THE CREDIT YEAR.

(2) (I) DURING THE 3 TAXABLE YEARS SUCCEEDING THE CREDIT YEAR, THE QUALIFIED BUSINESS ENTITY SHALL SUPPLY INFORMATION REQUIRED BY THE DEPARTMENT IN REGULATION TO VERIFY THAT THE BUSINESS ENTITY IS NOT SUBJECT TO PARAGRAPH (1) OF THIS SUBSECTION.

(II) THE DEPARTMENT MAY REQUIRE ANY INFORMATION REQUIRED UNDER THIS PARAGRAPH TO BE VERIFIED BY AN INDEPENDENT AUDITOR SELECTED BY THE BUSINESS ENTITY.

(F) ANY INFORMATION PROVIDED TO THE COMPTROLLER OR THE APPROPRIATE AGENCY BY A QUALIFIED BUSINESS ENTITY IN CONNECTION WITH ELIGIBILITY FOR A CREDIT ALLOWED UNDER THIS SECTION SHALL BE SHARED BY THE COMPTROLLER OR THE APPROPRIATE AGENCY WITH THE DEPARTMENT OF BUSINESS AND ECONOMIC DEVELOPMENT AND SHALL BE SUBJECT TO THE CONFIDENTIALITY REQUIREMENTS ESTABLISHED BY STATUTES OR REGULATIONS APPLICABLE TO THE COMPTROLLER OR THE APPROPRIATE AGENCY.

(G) (1) SUBJECT TO THE PROVISIONS OF THIS SUBSECTION, THE SECRETARY SHALL ADOPT REGULATIONS TO CARRY OUT THE PROVISIONS OF THIS SUBTITLE.

(2) THE COMPTROLLER SHALL ADOPT REGULATIONS TO PROVIDE FOR THE COMPUTATION, CARRYOVER, AND RECAPTURE OF THE CREDIT UNDER § 10-704.4 OF THE TAX - GENERAL ARTICLE.

(3) THE DEPARTMENT OF ASSESSMENTS AND TAXATION SHALL ADOPT REGULATIONS TO PROVIDE FOR THE COMPUTATION, CARRYOVER, AND RECAPTURE OF THE CREDIT UNDER §§ 8-214 AND 8-411 OF THE TAX - GENERAL ARTICLE.

(Over)

(4) THE MARYLAND INSURANCE COMMISSIONER SHALL ADOPT REGULATIONS TO PROVIDE FOR THE COMPUTATION, CARRYOVER, AND RECAPTURE OF THE CREDIT UNDER ARTICLE 48A, § 632(E) OF THE CODE AND § 6-114 OF THE INSURANCE ARTICLE.

(H) THE DEPARTMENT SHALL REPORT TO THE GOVERNOR AND, SUBJECT TO § 2-1312 OF THE STATE GOVERNMENT ARTICLE, TO THE GENERAL ASSEMBLY BY NOVEMBER 1 OF EACH YEAR ON THE BUSINESS ENTITIES CERTIFIED AS ELIGIBLE FOR TAX CREDITS IN THE PRECEDING FISCAL YEAR.

5-1103.”.

AMENDMENT NO. 3

On page 9, in lines 4, 10, 12, and 13, in each instance, strike “2002” and substitute “2004”; in line 6, after “FOR” insert “QUALIFIED POSITIONS AT”; in line 7, strike “2001” and substitute “2003”; strike beginning with “MAY” in line 14 down through “(II)” in line 16; in lines 16 and 18, in each instance, strike “§ 5-1103” and substitute “§ 5-1102”; and in line 18, strike “(III)” and substitute “(II)”.

AMENDMENT NO. 4

On pages 9 through 10, strike the lines beginning with line 20 on page 9 through line 36 on page 10, inclusive, and substitute:

“Article 48A - Insurance Code

632.

(E) AN INSURER MAY CLAIM A CREDIT AGAINST THE PREMIUM TAX FOR WAGES PAID TO QUALIFIED EMPLOYEES AS PROVIDED UNDER ARTICLE 83A, § 5-1102 OF THE CODE.

Article - Tax - General

8-214.

A FINANCIAL INSTITUTION MAY CLAIM A CREDIT AGAINST THE FINANCIAL INSTITUTION FRANCHISE TAX FOR WAGES PAID TO QUALIFIED EMPLOYEES AS PROVIDED UNDER ARTICLE 83A, § 5-1102 OF THE CODE.

8-411.

A PUBLIC SERVICE COMPANY MAY CLAIM A CREDIT AGAINST THE PUBLIC SERVICE COMPANY FRANCHISE TAX FOR WAGES PAID TO QUALIFIED EMPLOYEES AS PROVIDED UNDER ARTICLE 83A, § 5-1102 OF THE CODE.

10-704.4.

AN INDIVIDUAL OR A CORPORATION MAY CLAIM A CREDIT AGAINST THE INCOME TAX FOR WAGES PAID TO QUALIFIED EMPLOYEES AS PROVIDED UNDER ARTICLE 83A, § 5-1102 OF THE CODE.

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

Article - Insurance

6-114.

(A) AN INSURER MAY CLAIM A CREDIT AGAINST THE PREMIUM TAX FOR WAGES PAID TO QUALIFIED EMPLOYEES AS PROVIDED UNDER ARTICLE 83A, § 5-1102 OF THE CODE.

(B) AN INSURER MAY CLAIM A CREDIT AGAINST THE PREMIUM TAX FOR WAGES PAID TO QUALIFIED EMPLOYEES AS PROVIDED UNDER § 21-307 OF THE EDUCATION ARTICLE.

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

(Over)

Article - Education

21-307.

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

(2) "BUSINESS ENTITY" MEANS A PERSON CONDUCTING OR OPERATING A TRADE OR BUSINESS IN MARYLAND.

(3) "DIVISION" MEANS THE DIVISION OF REHABILITATION SERVICES IN THE STATE DEPARTMENT OF EDUCATION.

(4) "DEPARTMENT" MEANS THE STATE DEPARTMENT OF EDUCATION.

(5) "QUALIFIED EMPLOYEE" MEANS AN INDIVIDUAL WHO IS CERTIFIED AS HAVING MET THE CRITERIA ADOPTED BY THE DEPARTMENT AS AN INDIVIDUAL WHO:

(I) HAS A DISABILITY;

(II) IS RECEIVING OR HAS RECENTLY RECEIVED VOCATIONAL REHABILITATION OR TRANSITION SERVICES; AND

(III) IS READY FOR EMPLOYMENT.

(6) "TRANSITION SERVICES" MEANS A COORDINATED SET OF ACTIVITIES FOR A STUDENT THAT PROMOTE MOVEMENT FROM SCHOOL TO CAREER.

(7) "WAGES" MEANS WAGES PAID BY THE BUSINESS ENTITY TO A QUALIFIED EMPLOYEE ATTRIBUTABLE TO SERVICES PERFORMED IN A TRADE OR BUSINESS OF THE BUSINESS ENTITY.

(B) (1) EXCEPT AS PROVIDED IN SUBSECTION (D) OF THIS SECTION, A BUSINESS ENTITY MAY CLAIM A TAX CREDIT IN THE AMOUNT DETERMINED UNDER SUBSECTION (C) OF THIS SECTION FOR THE WAGES PAID TO A QUALIFIED EMPLOYEE THAT ARE PAID IN THE TAXABLE YEAR FOR WHICH THE BUSINESS ENTITY CLAIMS THE CREDIT.

(2) THE SAME TAX CREDIT CANNOT BE APPLIED MORE THAN ONCE AGAINST DIFFERENT TAXES BY THE SAME TAXPAYER.

(C) (1) A ONE-TIME CREDIT IS ALLOWED IN AN AMOUNT EQUAL TO 10% OF THE FIRST \$10,000 IN WAGES PAID BY THE BUSINESS ENTITY TO EACH QUALIFIED EMPLOYEE SUBJECT TO THE STATE INCOME TAX.

(2) THE CREDIT ALLOWED UNDER THIS SECTION MAY NOT EXCEED \$1,000 FOR EACH QUALIFIED EMPLOYEE.

(D) (1) A BUSINESS ENTITY MAY NOT CLAIM THE CREDIT UNDER THIS SECTION FOR AN EMPLOYEE:

(I) WHO IS HIRED TO REPLACE A LAID OFF EMPLOYEE OR TO REPLACE AN EMPLOYEE WHO IS ON STRIKE; OR

(II) FOR WHOM THE BUSINESS ENTITY SIMULTANEOUSLY RECEIVES FEDERAL OR STATE EMPLOYMENT TRAINING BENEFITS.

(2) A BUSINESS ENTITY MAY NOT CLAIM THE CREDIT UNDER THIS SECTION UNTIL THE DIVISION HAS CERTIFIED IN WRITING THAT THE EMPLOYEE IS A QUALIFIED EMPLOYEE.

(3) A BUSINESS ENTITY MAY NOT CLAIM THE CREDIT UNDER THIS SECTION FOR AN EMPLOYEE WHOSE EMPLOYMENT LASTS LESS THAN 1 YEAR UNLESS THE EMPLOYEE:

(Over)

(I) VOLUNTARILY TERMINATES EMPLOYMENT WITH THE EMPLOYER;

(II) IS UNABLE TO CONTINUE EMPLOYMENT DUE TO DEATH OR A FURTHER DISABILITY; OR

(III) IS TERMINATED FOR CAUSE.

(4) A BUSINESS ENTITY MAY NOT CLAIM THE CREDIT UNDER THIS SECTION IF THE BUSINESS ENTITY IS CLAIMING A TAX CREDIT FOR THE SAME EMPLOYEE UNDER ARTICLE 88A, § 56 OF THE CODE.

(E) IF THE CREDIT ALLOWED UNDER THIS SECTION IN ANY TAXABLE YEAR EXCEEDS THE TOTAL TAX OTHERWISE PAYABLE BY THE BUSINESS ENTITY FOR THAT TAXABLE YEAR, A BUSINESS ENTITY MAY APPLY THE EXCESS AS A CREDIT FOR SUCCEEDING TAXABLE YEARS UNTIL THE EARLIER OF:

(1) THE FULL AMOUNT OF THE EXCESS IS USED; OR

(2) THE EXPIRATION OF THE FIFTH TAXABLE YEAR AFTER THE TAXABLE YEAR IN WHICH THE WAGES FOR WHICH THE CREDIT IS CLAIMED ARE PAID.

(F) IF A CREDIT IS CLAIMED UNDER THIS SECTION, THE CLAIMANT MUST MAKE THE ADDITION REQUIRED IN § 10-205 OR § 10-306 OF THE TAX - GENERAL ARTICLE.

(G) THE COMPTROLLER, IN COOPERATION WITH THE DEPARTMENT SHALL ADMINISTER THE CREDIT UNDER THIS SECTION.

Article 48A - Insurance Code

(F) AN INSURER MAY CLAIM A CREDIT AGAINST THE PREMIUM TAX FOR WAGES PAID TO QUALIFIED EMPLOYEES AS PROVIDED UNDER § 21-307 OF THE EDUCATION ARTICLE.

Article - Tax - General

8-215.

A FINANCIAL INSTITUTION MAY CLAIM A CREDIT AGAINST THE FINANCIAL INSTITUTION FRANCHISE TAX FOR WAGES PAID TO QUALIFIED EMPLOYEES AS PROVIDED UNDER § 21-307 OF THE EDUCATION ARTICLE.

8-412.

A PUBLIC SERVICE COMPANY MAY CLAIM A CREDIT AGAINST THE PUBLIC SERVICE COMPANY FRANCHISE TAX FOR WAGES PAID TO QUALIFIED EMPLOYEES AS PROVIDED UNDER § 21-307 OF THE EDUCATION ARTICLE.

10-205.

(b) The addition under subsection (a) of this section includes the amount of a credit claimed under:

(1) § 10-702 of this title for wages paid to an employee in an enterprise zone; [or]

(2) § 10-704.2 of this title or § 8-213 of this article for wages paid and qualified child care expenses incurred with respect to qualified employment opportunity employees; OR

(3) § 10-704.5 OF THIS TITLE OR § 8-215 OF THIS ARTICLE FOR WAGES PAID TO QUALIFIED EMPLOYEES.

10-306.

(Over)

(b) The addition under subsection (a) of this section includes the additions required for an individual under:

(1) § 10-205(b) of this title (Enterprise zone wage credit, [and] employment opportunity credit, AND DISABILITY WAGE CREDIT);

10-704.5.

AN INDIVIDUAL OR A CORPORATION MAY CLAIM A CREDIT AGAINST THE INCOME TAX FOR WAGES PAID TO QUALIFIED EMPLOYEES AS PROVIDED UNDER § 21-307 OF THE EDUCATION ARTICLE.

SECTION 4. AND BE IT FURTHER ENACTED, That the Department of Fiscal Services, based on information provided by and in consultation with the Department of Business and Economic Development, the Department of Budget and Fiscal Planning, the Comptroller, the Department of Assessments and Taxation, the Insurance Commissioner, and appropriate representatives of private employers, shall conduct a study of the efficacy and effectiveness of the tax credit program established under Section 1 of this Act in increasing the number of net jobs in the State. The Department of Fiscal Services shall conduct an analysis of the profile of employers having taken advantage of these credits in hiring new employees, cost effectiveness of the subsidy in reaching State goals, and the appropriateness of the level of the tax credits. The study shall also include an analysis of the potential effectiveness of the program based on varying the size, duration, and structure of the subsidy. The Department shall complete and present the results of the study to the Senate Budget and Taxation Committee and the House Committee on Ways and Means by September 1, 2002.

SECTION 5. AND BE IT FURTHER ENACTED, That the Department of Fiscal Services, based on information provided by and in consultation with the Department of Education, the Governor's Office for Individuals with Disabilities, the Developmental Disabilities Administration, the Department of Assessments and Taxation and the Comptroller, shall conduct a study of the efficacy and effectiveness of the tax credit program established under Section 3 of this Act in increasing the employment and prospects for self-sufficiency of the target population including an analysis of the profile of employers having taken advantage of these credits in hiring new employees, cost effectiveness of the subsidy in reaching State goals, and the appropriateness of the level of the tax credits. The study shall also include an analysis of the potential effectiveness of the program

based on varying the size, duration, and structure of the subsidy. The Department shall complete and present the results of the study to the Senate Budget and Taxation Committee and the House Committee on Ways and Means by December 1, 1999.

SECTION 6. AND BE IT FURTHER ENACTED, That the General Assembly finds that the widespread adoption of tax subsidies intended to move jobs from one state to another reduces revenues in all participating states without increasing the total number and quality of jobs. Therefore, the Governor shall work with chief executive officers of Delaware, the District of Columbia, North Carolina, Pennsylvania, Virginia, and West Virginia to negotiate an agreement among all of these states by July 1, 1998, for the repeal of any law in each state that provides a tax subsidy, including any tax credit, deduction, exemption, or other modification, that is intended to create new jobs or entice new jobs to the state. The agreement shall specify the sections of the laws of each state that allow for such a tax subsidy and shall provide that each state will adopt legislation to repeal those sections of the laws of that executive's state, contingent on the enactment of the corresponding legislation by each of the other states. In connection with the agreement, the executives shall propose approaches for ensuring continuing compliance with the terms of the agreement. The Governor shall report to the Senate Budget and Taxation Committee and the House Ways and Means Committee of the Maryland General Assembly on or before September 15, 1998 on the status of reaching an agreement.

If an agreement has not been reached, the Governor shall include in the report alternatives to encourage agreement among the respective states, including but not limited to, increasing the amount of the job creation tax credit.”.

AMENDMENT NO. 5

On page 10, in line 37, strike “5.” and substitute “7.”.

On page 11, in line 1, strike “6.” and substitute “8.”; in line 2, strike “4” and substitute “7.”; and in the same line, after “1996” insert “and shall apply to all taxable years beginning after December 31, 1995 for all employees hired after January 1, 1996”.