

BY: Budget and Taxation Committee

AMENDMENTS TO SENATE BILL NO. 712

(First Reading File Bill)

AMENDMENT NO. 1

On page 1, in the sponsor line, strike “and Hogan” and substitute “, Hogan, Middleton, Ruben, McFadden, Lawlah, and Currie”.

AMENDMENT NO. 2

On page 1, in line 2, strike “Property Tax Credit” and substitute “Tax Credits”; in line 11, after “credit;” insert “requiring a certain notification;”; in line 12, strike “authorizing” and substitute “requiring”; strike beginning with “requiring” in line 14 through “manner” in line 16 and substitute “granting a State tax credit against the individual or corporate income tax, insurance premium tax, financial institution franchise tax, or the public service franchise tax, under certain conditions; providing for the computation of certain State tax credits; prohibiting the application of a certain State tax credit more than once; providing for the carryover of certain excess State tax credits; requiring the adoption of certain regulations”; strike beginning with “and” in line 16 through “by” in line 17 and substitute “providing for the application and termination of this Act; and generally relating to certain tax credits for certain”; and after line 22, insert:

“BY adding to

Article - Insurance

Section 6-115

Annotated Code of Maryland

(1995 Volume and 1996 Supplement)

(As enacted by Chapter 36 of the Acts of the General Assembly of 1995)

BY adding to

Article - Tax - General

Section 8-216, 8-413, and 10-704.7

Annotated Code of Maryland

(Over)

(1988 Volume and 1996 Supplement)”.

AMENDMENT NO. 3

On page 1, in line 31, after “TAX” insert “, INSURANCE PREMIUMS TAX, FINANCIAL INSTITUTION FRANCHISE TAX, OR PUBLIC SERVICE COMPANY FRANCHISE TAX”.

On page 2, in line 1, after “MEANS” insert “A POSITION THAT IS”; strike in their entirety lines 2 through 10, inclusive, and substitute:

“1. A FULL-TIME POSITION OF INDEFINITE DURATION;

2. LOCATED IN MARYLAND;

3. NEWLY CREATED, AS A RESULT OF THE ESTABLISHMENT OR EXPANSION OF A BUSINESS FACILITY IN THE STATE; AND

4. FILLED.”;

in line 11, after “INCLUDE” insert “A POSITION THAT IS”; and strike in their entirety lines 12 through 15, inclusive, and substitute:

“1. 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;

2. CREATED THROUGH A CHANGE IN OWNERSHIP OF A TRADE OR BUSINESS;

3. CREATED THROUGH A CONSOLIDATION, MERGER, OR RESTRUCTURING OF A BUSINESS ENTITY IF THE POSITION DOES NOT REPRESENT A NET NEW JOB IN THE STATE;

4. 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

5. FILLED FOR A PERIOD OF LESS THAN 12 MONTHS.

(4) “NEW OR EXPANDED PREMISES” MEANS REAL PROPERTY, INCLUDING A BUILDING OR PART OF A BUILDING THAT HAS NOT BEEN PREVIOUSLY OCCUPIED, WHERE A BUSINESS ENTITY LOCATES TO CONDUCT ITS BUSINESS.

(5) “ASSESSED VALUE” IS THE VALUE OF REAL PROPERTY AS DETERMINED BY THE DEPARTMENT TO WHICH A COUNTY OR MUNICIPAL CORPORATION PROPERTY TAX RATE MAY BE APPLIED.”.

AMENDMENT NO. 4

On page 2, in line 29, strike “15” and substitute “25”.

AMENDMENT NO. 5

On page 2, in line 16, after “(B)” insert “(1)”; after line 23, insert:

“(2) IF A PROPERTY TAX CREDIT IS GRANTED UNDER PARAGRAPH (1) OF THIS SUBSECTION, A BUSINESS ENTITY MAY CLAIM A STATE TAX CREDIT AGAINST THE INDIVIDUAL OR CORPORATE INCOME TAX, INSURANCE PREMIUMS TAX, FINANCIAL INSTITUTION FRANCHISE TAX, OR PUBLIC SERVICE COMPANY FRANCHISE TAX AS PROVIDED UNDER SUBSECTION (F) OF THIS SECTION.”;

in lines 24 and 31, in each instance, strike “PROPERTY”; in line 25, strike beginning with “AGAINST” through the second “PROPERTY”; and in line 35, strike “PROPERTY” and substitute “NEW OR EXPANDED PREMISES”.

AMENDMENT NO. 6

On page 3, in line 3, after the second “THE” insert “NEW OR EXPANDED”; in line 6, after the second “THE” insert “PROPERTY”; in the same line, after “CREDIT” insert “GRANTED”; in the same line, after “UNDER” insert “SUBSECTION (B)(1) OF”; in line 7, strike “NEWLY CONSTRUCTED” and substitute “NEW”; in line 8, after “PREMISES” insert “THAT MAY BE CLAIMED AGAINST THE COUNTY OR MUNICIPAL CORPORATION PROPERTY TAXES THAT WOULD OTHERWISE BE DUE”; in line 9, strike “ELIGIBLE ASSESSMENT” and substitute “ASSESSED VALUE”; in line 10, strike “QUALIFIED PROPERTY” and substitute

(Over)

“NEW OR EXPANDED PREMISES”; in lines 11, 12, and 13, strike “80%”, “60%”, and “40%”, respectively, and substitute “52%”, “39%”, and “26%”, respectively; after line 14, insert:

“(2) THE COUNTY OR MUNICIPAL CORPORATION SHALL NOTIFY THE DEPARTMENT THAT A BUSINESS ENTITY HAS BEEN APPROVED FOR THE PROPERTY TAX CREDIT AND THE ASSESSED VALUE OF THE NEW OR EXPANDED PREMISES.

(F) (1) ON RECEIPT OF NOTIFICATION UNDER SUBSECTION (E)(2) OF THIS SECTION, THE DEPARTMENT SHALL COMPUTE AND CERTIFY TO THE COMPTROLLER THE AMOUNT OF THE STATE TAX CREDIT AUTHORIZED UNDER SUBSECTION (B)(2) OF THIS SECTION THAT MAY BE CLAIMED AGAINST THE INDIVIDUAL OR CORPORATE INCOME TAX, INSURANCE PREMIUMS TAX, FINANCIAL INSTITUTION FRANCHISE TAX, OR PUBLIC SERVICE COMPANY FRANCHISE TAX THAT WOULD OTHERWISE BE DUE TO EQUAL A PERCENTAGE OF THE AMOUNT OF PROPERTY TAX IMPOSED ON THE ASSESSED VALUE OF THE NEW OR EXPANDED PREMISES, AS FOLLOWS:

(I) 28% IN THE 1ST AND 2ND TAXABLE YEARS;

(II) 21% IN THE 3RD AND 4TH TAXABLE YEARS;

(III) 14% IN THE 5TH AND 6TH TAXABLE YEARS; AND

(IV) 0% FOR EACH TAXABLE YEAR THEREAFTER.

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

(3) IF THE STATE TAX CREDIT ALLOWED UNDER THIS SUBSECTION 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:

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

(II) THE EXPIRATION OF THE 5TH TAXABLE YEAR AFTER THE TAXABLE YEAR IN WHICH THE STATE TAX CREDIT IS CLAIMED.

(4) THE MARYLAND INSURANCE COMMISSIONER SHALL ADOPT REGULATIONS TO PROVIDE FOR THE COMPUTATION, CARRYOVER, AND RECAPTURE OF THE STATE TAX CREDIT UNDER § 6-115 OF THE INSURANCE ARTICLE.

(5) THE DEPARTMENT SHALL ADOPT REGULATIONS TO PROVIDE FOR THE COMPUTATION, CARRYOVER, AND RECAPTURE OF THE STATE TAX CREDIT UNDER §§ 8-216 AND 8-413 OF THE TAX - GENERAL ARTICLE.

(6) THE COMPTROLLER SHALL ADOPT REGULATIONS TO PROVIDE FOR THE COMPUTATION, CARRYOVER, AND RECAPTURE OF THE STATE TAX CREDIT UNDER § 10-704.7 OF THE TAX - GENERAL ARTICLE.”;

in line 15, strike “(2)” and substitute “(G)”; in the same line, strike “A TAX CREDIT” and substitute “TAX CREDITS”; in line 16, strike “PARAGRAPH (1) OF THIS SUBSECTION” and substitute “SUBSECTION (B) OF THIS SECTION”; and in line 17, strike “CREDIT” and substitute “CREDITS COMPUTED UNDER SUBSECTIONS (E) AND (F) OF THIS SECTION”.

AMENDMENT NO. 7

On page 3, in line 19, strike “(F)” and substitute “(H)”; in line 20, strike “MAY” and substitute “SHALL”; in line 23, after “(2)” insert “ANY”; strike in their entirety lines 24 through 26, inclusive, and substitute:

“(3) A PROVISION REQUIRING RECAPTURE OF THE PROPERTY AND STATE TAX CREDITS EARNED, IF, DURING THE 3 TAXABLE YEARS SUCCEEDING ANY YEAR IN WHICH A CREDIT WAS EARNED, THE BUSINESS ENTITY FAILS TO SATISFY THE APPLICABLE THRESHOLDS TO QUALIFY FOR A PROPERTY TAX CREDIT REQUIRED UNDER SUBSECTION (C) OF THIS SECTION;

(4) THE INFORMATION TO BE SUPPLIED BY THE BUSINESS ENTITY TO A

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COUNTY OR MUNICIPAL CORPORATION AND THE COMPTROLLER TO VERIFY THAT THE BUSINESS ENTITY IS NOT SUBJECT TO ITEM (3) OF THIS SUBSECTION; AND”;

and in line 27, strike “(4)” and substitute “(5)”.

AMENDMENT NO. 8

On pages 3 through 4, strike in their entirety the lines beginning with line 28 on page 3 through line 3 on page 4, inclusive, and substitute:

“Article - Insurance

6-115.

AN INSURER MAY CLAIM A STATE TAX CREDIT AGAINST THE PREMIUM TAX PAYABLE UNDER THIS SUBTITLE FOR NEW OR EXPANDED BUSINESS PREMISES AS PROVIDED UNDER § 9-229 (F)(1) OF THE TAX - PROPERTY ARTICLE.

Article - Tax - General

8-216.

A FINANCIAL INSTITUTION MAY CLAIM A STATE TAX CREDIT AGAINST THE FINANCIAL INSTITUTION FRANCHISE TAX PAYABLE UNDER THIS SUBTITLE FOR NEW OR EXPANDED BUSINESS PREMISES AS PROVIDED UNDER § 9-229 (F)(1) OF THE TAX - PROPERTY ARTICLE.

8-413.

A PUBLIC SERVICE COMPANY MAY CLAIM A STATE TAX CREDIT AGAINST THE PUBLIC SERVICE COMPANY FRANCHISE TAX PAYABLE UNDER THIS SUBTITLE FOR NEW OR EXPANDED BUSINESS PREMISES AS PROVIDED UNDER § 9-229 (F)(1) OF THE TAX - PROPERTY ARTICLE.

10-704.7.

AN INDIVIDUAL OR A CORPORATION MAY CLAIM A STATE TAX CREDIT AGAINST THE INCOME TAX FOR NEW OR EXPANDED BUSINESS PREMISES AS PROVIDED UNDER § 9-229 (F)(1) OF THE TAX - PROPERTY ARTICLE.”.

AMENDMENT NO. 9

On page 4, strike beginning with “take” in line 4 through “1997.” in line 5 and substitute “be applicable to all taxable years beginning after December 31, 1996 but before January 1, 2006; provided, however, that the tax credits under § 9-229 of the Tax - Property Article, as enacted by Section 1 of this Act, shall be allowed for property and business entities that meet the criteria established in § 9-229 (c) of the Tax - Property Article on or after October 1, 1997 but before January 1, 2001; and provided further that any excess State tax credits under § 9-229 (f)(1) of the Tax - Property Article may be carried forward and, subject to the limitations under § 9-229 (f)(3) of the Tax - Property Article, may be applied as a credit for taxable years beginning on or after January 1, 2003.

SECTION 3. AND BE IT FURTHER ENACTED, That, subject to the provisions of Section 2 of this Act, this Act shall take effect October 1, 1997. It shall remain in effect for a period of 3 years and 3 months and, at the end of December 31, 2000, with no further action required by the General Assembly, this Act shall be abrogated and of no further force and effect.”.