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1997 Regular Session

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7lr0359

(PRE-FILED)

HB 566/96 - W&M

CF 7lr1893

By: Delegates Hixson, Goldwater, and Kopp

Requested: September 12, 1996

Introduced and read first time: January 8, 1997

Assigned to: Ways and Means

Committee Report: Favorable with amendments

House action: Adopted

Read second time: March 14, 1997

CHAPTER ____

1 AN ACT concerning

2 **Property Tax Credit - Businesses That Create New Jobs**

3 FOR the purpose of authorizing the Mayor and City Council of Baltimore City or the
 4 governing body of a county or municipal corporation to grant, by law, a property tax
 5 credit against the county or municipal corporation property tax imposed on certain
 6 real property and personal property; providing for the eligibility criteria for the
 7 property tax credit including requirements for the construction, expansion, or lease
 8 of a certain minimum number of square feet on which the business entity conducts
 9 its business and the creation of a certain minimum number of new permanent
 10 full-time positions; prohibiting the property tax credit to be granted under certain
 11 circumstances; providing for the computation of the property tax credit; requiring
 12 certain lessors to reduce a certain liability of certain lessees; authorizing the
 13 governing body of the county or municipal corporation to provide, by law, for
 14 certain other provisions to implement the property tax credit; ~~requiring the State to~~
 15 ~~reimburse a county or municipal corporation for certain amounts in a certain~~
 16 ~~manner~~; defining certain terms; and generally relating to a property tax credit for
 17 certain property owned or leased by businesses that create new jobs.

18 BY adding to

19 Article - Tax - Property

20 Section 9-229

21 Annotated Code of Maryland

22 (1994 Replacement Volume and 1996 Supplement)

23 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF

24 MARYLAND, That the Laws of Maryland read as follows:

2

1 **Article - Tax - Property**

2 9-229.

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

5 (2) "BUSINESS ENTITY" MEANS A PERSON CONDUCTING A TRADE OR
6 BUSINESS IN THE STATE, THAT IS SUBJECT TO THE STATE INDIVIDUAL OR
7 CORPORATE INCOME TAX.

8 (3) (I) "NEW PERMANENT FULL-TIME POSITION" MEANS:

9 1. A JOB OF AN INDEFINITE DURATION THAT:

10 A. IS CREATED BY THE COMPANY AS A RESULT OF THE
11 ESTABLISHMENT OR EXPANSION OF A BUSINESS FACILITY IN THE STATE; AND

12 B. REQUIRES A MINIMUM OF 35 HOURS OF AN EMPLOYEE'S
13 TIME PER WEEK FOR AT LEAST 48 WEEKS OF A YEAR; OR

14 2. A POSITION OF INDEFINITE DURATION THAT REQUIRES A
15 MINIMUM OF 35 HOURS OF AN EMPLOYEE'S TIME PER WEEK FOR THE PORTION OF
16 THE TAXABLE YEAR IN WHICH THE EMPLOYEE WAS INITIALLY HIRED FOR, OR
17 TRANSFERRED TO, THE BUSINESS FACILITY IN THE STATE.

18 (II) "NEW PERMANENT FULL-TIME POSITION" DOES NOT INCLUDE:

19 1. A SEASONAL OR TEMPORARY POSITION; OR

20 2. A JOB CREATED WHEN A JOB FUNCTION IS SHIFTED
21 FROM AN EXISTING LOCATION IN THE STATE TO THE NEW OR EXPANDED BUSINESS
22 FACILITY.

23 (B) THE MAYOR AND CITY COUNCIL OF BALTIMORE CITY OR THE
24 GOVERNING BODY OF A COUNTY OR OF A MUNICIPAL CORPORATION MAY GRANT,
25 BY LAW, A PROPERTY TAX CREDIT AGAINST THE COUNTY OR MUNICIPAL
26 CORPORATION PROPERTY TAX IMPOSED ON REAL PROPERTY OWNED OR LEASED
27 BY A BUSINESS ENTITY THAT MEETS THE REQUIREMENTS SPECIFIED UNDER
28 SUBSECTION (C) OF THIS SECTION AND ON PERSONAL PROPERTY OWNED BY THAT
29 BUSINESS ENTITY THAT MEETS THE REQUIREMENTS SPECIFIED UNDER SUBSECTION
30 (D) OF THIS SECTION.

31 (C) (1) TO QUALIFY FOR A PROPERTY TAX CREDIT UNDER THIS SECTION
32 AGAINST PROPERTY TAX IMPOSED ON REAL PROPERTY, A BUSINESS ENTITY SHALL:

33 (I) CONSTRUCT OR EXPAND BY AT LEAST 5,000 SQUARE FEET THE
34 PREMISES ON WHICH IT CONDUCTS ITS BUSINESS, THROUGH PURCHASING OR
35 CONSTRUCTING NEW PREMISES OR BY LEASING NEW PREMISES; AND

36 (II) EMPLOY AT LEAST 15 INDIVIDUALS IN NEW PERMANENT
37 FULL-TIME POSITIONS IN THE NEW OR EXPANDED PREMISES.

3

1 (2) A PROPERTY TAX CREDIT MAY NOT BE GRANTED UNDER THIS
2 SECTION IF:

3 (I) THE BUSINESS ENTITY HAS MOVED ITS OPERATIONS FROM
4 ONE POLITICAL SUBDIVISION IN THE STATE TO ANOTHER;

5 (II) THE PROPERTY HAS OTHERWISE BEEN GRANTED A TAX
6 CREDIT OR EXEMPTION UNDER THIS ARTICLE FOR THE TAXABLE YEAR; OR

7 (III) THE BUSINESS ENTITY HAS BEEN CERTIFIED FOR A TAX
8 CREDIT UNDER ARTICLE 83A, § 5-1101 OF THE CODE.

9 (D) TO QUALIFY FOR A PROPERTY TAX CREDIT UNDER THIS SECTION
10 AGAINST PROPERTY TAX IMPOSED ON PERSONAL PROPERTY A BUSINESS ENTITY
11 SHALL CERTIFY THAT THE PERSONAL PROPERTY IS LOCATED ON THE PREMISES
12 THAT QUALIFY FOR A TAX CREDIT UNDER SUBSECTION (C) OF THIS SECTION.

13 (E) (1) THE GOVERNING BODY OF THE COUNTY OR MUNICIPAL
14 CORPORATION SHALL COMPUTE THE AMOUNT OF THE TAX CREDIT UNDER THIS
15 SECTION FOR NEWLY CONSTRUCTED OR EXPANDED PREMISES AND THE PERSONAL
16 PROPERTY LOCATED ON THOSE PREMISES TO EQUAL A PERCENTAGE OF THE
17 AMOUNT OF PROPERTY TAX IMPOSED ON THE ELIGIBLE ASSESSMENT OF THE
18 QUALIFIED PROPERTY, AS FOLLOWS:

19 (I) 80% FOR THE 1ST AND 2ND TAXABLE YEARS;

20 (II) 60% IN THE 3RD AND 4TH TAXABLE YEARS;

21 (III) 40% IN THE 5TH AND 6TH TAXABLE YEARS; AND

22 (IV) 0% FOR EACH TAXABLE YEAR THEREAFTER.

23 (2) THE LESSOR OF REAL PROPERTY ELIGIBLE FOR A TAX CREDIT
24 UNDER PARAGRAPH (1) OF THIS SUBSECTION SHALL REDUCE BY THE AMOUNT OF
25 THE TAX CREDIT THE AMOUNT OF TAXES FOR WHICH THE ELIGIBLE BUSINESS
26 ENTITY IS CONTRACTUALLY LIABLE UNDER THE LEASE AGREEMENT.

27 (F) THE GOVERNING BODY OF THE COUNTY OR MUNICIPAL CORPORATION
28 MAY PROVIDE, BY LAW, FOR:

29 (1) THE SPECIFIC REQUIREMENTS FOR ELIGIBILITY FOR A TAX CREDIT
30 AUTHORIZED UNDER THIS SECTION;

31 (2) ADDITIONAL LIMITATIONS ON ELIGIBILITY FOR THE CREDIT;

32 (3) REPAYMENT OF THE PROPERTY TAX CREDIT IF THE BUSINESS
33 ENTITY MOVES ITS BUSINESS OUTSIDE THE JURISDICTION OR OTHERWISE BECOMES
34 INELIGIBLE FOR THE TAX CREDIT; AND

35 (4) ANY OTHER PROVISION APPROPRIATE TO IMPLEMENT THE CREDIT.

36 ~~(G) AS PROVIDED IN THE STATE BUDGET, THE STATE SHALL REMIT TO EACH~~
37 ~~COUNTY OR MUNICIPAL CORPORATION AN AMOUNT EQUAL TO ONE HALF OF THE~~

4

1 ~~FUNDS THAT WOULD HAVE BEEN COLLECTED IF THE PROPERTY TAX CREDIT~~
2 ~~UNDER THIS SECTION HAD NOT BEEN GRANTED.~~

3 ~~(H) (1) QUARTERLY OR MORE FREQUENTLY, THE COUNTY OR MUNICIPAL~~
4 ~~CORPORATION SHALL SUBMIT A REQUEST TO THE DEPARTMENT OF ASSESSMENTS~~
5 ~~AND TAXATION FOR THE AMOUNT REQUIRED BY SUBSECTION (G) OF THIS SECTION.~~

6 ~~(2) WITHIN 5 WORKING DAYS AFTER THE DEPARTMENT OF~~
7 ~~ASSESSMENTS AND TAXATION RECEIVES THE REQUEST FROM THE COUNTY OR~~
8 ~~MUNICIPAL CORPORATION, THE DEPARTMENT SHALL CERTIFY TO THE~~
9 ~~COMPTROLLER THE REIMBURSEMENT DUE TO EACH COUNTY OR MUNICIPAL~~
10 ~~CORPORATION.~~

11 ~~(3) WITHIN 5 WORKING DAYS AFTER THE COMPTROLLER RECEIVES~~
12 ~~THE CERTIFICATION FROM THE DEPARTMENT, THE COMPTROLLER SHALL~~
13 ~~REIMBURSE EACH COUNTY OR MUNICIPAL CORPORATION.~~

14 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
15 July 1, 1997.