

BY: Budget and Taxation Committee

AMENDMENTS TO HOUSE BILL NO. 5

(Third Reading File Bill)

AMENDMENT NO. 1

On page 1, in line 2, after "Tax" insert "Exemptions"; in line 3, strike "Exemption" and substitute "and Research and Development"; in line 4 after "altering" insert "for property tax purposes"; in lines 4 and 5, strike "for property tax purposes"; strike beginning with "certain" in line 5 down through "development" in line 8 and substitute "research and development activities; including certain biological processes used for research or manufacture within the definition of manufacturing; including the design, development, or creation of computer software within the definition of manufacturing; repealing the partial property tax exemption for property used for research and development activities"; in line 9 strike "the"; and strike beginning with "taxation" in line 9 down through "software" in line 11 and substitute "tax exemptions for property used for manufacturing and for research and development".

On page 2, in line 3, strike "and 7-237" and substitute "and (dd) through (ll), inclusive, and 9-205"; and after line 5, insert:

"BY adding to

Article - Tax - Property

Section 1-101(dd)

Annotated Code of Maryland

(1994 Replacement Volume and 1997 Supplement)

BY repealing

Article - Tax - Property

Section 7-237

Annotated Code of Maryland

(1994 Replacement Volume and 1997 Supplement)".

(Over)

AMENDMENT NO. 2

On page 2, strike in its entirety line 16; in line 17, strike the brackets; in the same line, strike “1.” and substitute “THE OPERATION OF”; in the same line, strike “and”; in line 18, strike the brackets; in the same line, strike “2.” and substitute “THE OPERATION OF”; after line 20, insert:

“(III) RESEARCH AND DEVELOPMENT ACTIVITIES, WHETHER OR NOT THE COMPANY HAS A PRODUCT FOR SALE;”;

in lines 21 and 26, strike “(II)” and “(III)”, respectively, and substitute “(IV)” and “(V)”, respectively; and strike in their entirety lines 33 and 34.

AMENDMENT NO. 3

On page 3, in line 1, strike “(iv)”; in the same line, before “public” insert “(III)”; in line 3, strike “(v)”; in the same line, before “any” insert “(IV)”; and after line 4, insert:

“(DD) (1) “RESEARCH AND DEVELOPMENT” MEANS:

(I) BASIC AND APPLIED RESEARCH IN THE SCIENCES AND ENGINEERING; AND

(II) THE DESIGN, DEVELOPMENT, AND GOVERNMENTALLY REQUIRED PREMARKET TESTING OF PROTOTYPES, PRODUCTS, AND PROCESSES.

(2) “RESEARCH AND DEVELOPMENT” DOES NOT INCLUDE:

(I) MARKET RESEARCH;

(II) RESEARCH IN THE SOCIAL SCIENCES, PSYCHOLOGY, OR OTHER NONTECHNICAL ACTIVITIES;

(III) ROUTINE PRODUCT TESTING;

(IV) SALES SERVICES;

(V) TECHNICAL AND NONTECHNICAL SERVICES; OR

(VI) RESEARCH AND DEVELOPMENT OF A PUBLIC UTILITY.

[(dd)] (EE) "Resident of the State" includes a domestic corporation.

[(ee)] (FF) "Semiannual date of finality" means July 1, when assessments may be made for real property that becomes assessable after the immediately preceding date of finality or quarterly date of finality.

[(ff)] (GG) "State" means:

(1) a state, possession, or territory of the United States;

(2) the District of Columbia; or

(3) the Commonwealth of Puerto Rico.

[(gg)] (HH) "State property tax" means the tax imposed on property under § 6-201 and authorized under §§ 10-102 and 10-103 of this article.

[(hh)] (II) "Supervisor" means the supervisor of assessments for a county.

[(ii)] (JJ) "Taxable year" means July 1 to June 30, both inclusive, for which the State, each county, municipal corporation, and taxing district of the State computes, imposes, and collects property tax.

[(jj)] (KK) "Tax roll" means the assessment roll to which the property tax rate has been applied and on which the property tax on each property is shown.

[(kk)] (LL) "Valuation" means the process of determining the value of property.

[(ll)] (MM) "Value" means the full cash value of property."

AMENDMENT NO. 4

On pages 3 and 4, strike in their entirety the lines beginning with line 5 on page 3 through

(Over)

line 11 on page 4.

AMENDMENT NO. 5

On page 4, after line 18, insert:

“9-205.

(a) The Mayor and City Council of Baltimore City or the governing body of a county or of a municipal corporation may grant, by law, a property tax credit under this section against the county or municipal corporation property tax imposed on part or all of the property of any manufacturing, fabricating, or assembling facility [or real property of a research and development facility] that:

(1) locates in the county or municipal corporation;

(2) expands in the county or municipal corporation; or

(3) develops a new product or industrial process.

(b) A property tax credit under this section may be granted on up to 100% of the county or municipal corporation property tax against the property described in subsection (a) of this section.

(c) A property tax credit granted under this section may be granted for the period of years from the date of completion of a new facility or expansion of a facility that the Mayor and City Council of Baltimore City or the appropriate governing body determines.

(d) The Mayor and City Council of Baltimore City or the appropriate governing body may:

(1) adopt regulations necessary to carry out this section; and

(2) provide any other restriction or condition considered desirable.

(e) The Mayor and City Council of Baltimore City or each governing body shall designate the administrative unit or official to administer the property tax credit granted under this section.

(f) When a tax bill is sent to a taxpayer who may be eligible for a property tax credit under this section, the Mayor and City Council of Baltimore City or the appropriate governing body shall give notice of the property tax credit under this section to the taxpayer.

(g) (1) A taxpayer must apply to receive a tax credit under this section.

(2) Except in Frederick County, if a taxpayer fails to apply for a property tax credit under this section on or before October 1 of each taxable year, the property tax credit may not be granted.

(3) In Frederick County, a taxpayer may apply for a property tax credit under this section on or before October 1 of the taxable year, and the property tax credit received shall continue from year to year until the property is conveyed.

(4) A taxpayer shall state under oath that the facts in the application are true.

(h) Each governing body that grants a property tax credit under this section shall submit to the Department a copy of the law granting the credit.”.