

BY: Committee on Ways and Means

AMENDMENTS TO HOUSE BILL NO. 877

(First Reading File Bill)

AMENDMENT NO. 1

On page 1, in the sponsor line, strike “and Vallario” and substitute “Vallario, Bozman, Cryor, and Phillips”; in line 2, strike “Intensive Care” and substitute “Focus”; in line 5, strike “an intensive care” and substitute “a focus”; strike beginning with “requiring” in line 7 down through “regulations;” in line 15; in line 16, after “in” insert “certain areas of”; strike beginning with “making” in line 17 down through “circumstances” in line 22 and substitute “altering the calculation and application of a certain property tax credit”; in line 22, strike “a”; in line 23, strike “term” and substitute “terms”; in the same line, after “Act;” insert “providing for the creation of certain task forces;”; in line 24, strike “intensive care” and substitute “focus”; and strike in their entirety lines 25 through 29, inclusive.

On page 2, strike in their entirety lines 11 through 15, inclusive, and substitute:

“BY repealing and reenacting, with amendments,

Article - Tax - Property

Section 9-103(a)(6)

Annotated Code of Maryland

(1994 Replacement Volume and 1998 Supplement)

BY adding to

Article - Tax - Property

Section 9-103(d)(4)

Annotated Code of Maryland

(1994 Replacement Volume and 1998 Supplement)”.

(Over)

AMENDMENT NO. 2

On page 3, after line 8, insert:

“(G) “FOCUS AREA” MEANS AN AREA MEETING THE REQUIREMENTS OF § 5-402(K) OF THIS SUBTITLE AND SO DESIGNATED BY THE SECRETARY PURSUANT TO § 5-402 OF THIS SUBTITLE.”;

in line 9, strike “(g)” and substitute “(H)”; and strike in their entirety lines 10 through 12, inclusive.

On page 5, in line 6, strike “AN INTENSIVE CARE” and substitute “A FOCUS”.

On page 8, in line 21, strike “INTENSIVE CARE” and substitute “FOCUS”.

AMENDMENT NO. 3

On page 5, in line 6, after “AREA” insert “FOR THE LESSER OF:

(I) 5 YEARS; OR

(II) THE REMAINDER OF THE 10-YEAR TERM OF THE APPLICABLE ENTERPRISE ZONE”;

in line 7, after “MADE” insert “ON OR BEFORE ANY SUBMISSION DATE EITHER”; in lines 8 and 9, strike “AT ANY TIME”; in line 10, strike the colon; in line 11, strike “(I)”; and in line 12, strike the semicolon and substitute “AND MEETS AT LEAST THREE OF THE FOLLOWING CRITERIA:”.

On pages 5 and 6, strike in their entirety the lines beginning with line 13 on page 5 through line 11 on page 6, inclusive, and substitute:

“(I) THE AVERAGE RATE OF UNEMPLOYMENT IN THE AREA, OR WITHIN A REASONABLE PROXIMITY TO THE AREA BUT WITHIN THE SAME COUNTY, FOR THE MOST RECENT 18-MONTH PERIOD FOR WHICH DATA ARE AVAILABLE IS AT LEAST 150 PERCENT OF THE AVERAGE RATE OF UNEMPLOYMENT IN EITHER THE STATE OR THE UNITED STATES, WHICHEVER AVERAGE RATE IS GREATER DURING THE SAME PERIOD;

(II) THE POPULATION IN THE AREA OR WITHIN A REASONABLE PROXIMITY TO THE AREA BUT WITHIN THE SAME COUNTY HAS AN INCIDENCE OF

POVERTY THAT IS 150 PERCENT OF THE NATIONAL AVERAGE;

(III) THE CRIME RATE IN THE AREA OR WITHIN A REASONABLE PROXIMITY TO THE AREA BUT WITHIN THE SAME COUNTY IS AT LEAST 150 PERCENT OF THE CRIME RATE IN THE POLITICAL SUBDIVISION IN WHICH THE AREA IS LOCATED;

(IV) THE PERCENTAGE OF SUBSTANDARD HOUSING IN THE AREA OR WITHIN A REASONABLE PROXIMITY TO THE AREA BUT WITHIN THE SAME COUNTY IS AT LEAST 200 PERCENT OF THE PERCENTAGE OF HOUSING UNITS IN THE STATE THAT ARE SUBSTANDARD, ACCORDING TO DATA FROM THE U.S. BUREAU OF THE CENSUS, OR OTHER STATE OR FEDERAL GOVERNMENT DATA DEEMED APPROPRIATE BY THE SECRETARY; OR

(V) THE PERCENTAGE OF SQUARE FOOTAGE OF COMMERCIAL PROPERTY THAT IS VACANT IN THE AREA OR WITHIN A REASONABLE PROXIMITY OF THE AREA BUT WITHIN THE SAME COUNTY IS AT LEAST 20 PERCENT, ACCORDING TO DATA FROM THE U.S. BUREAU OF THE CENSUS, OR OTHER STATE OR FEDERAL GOVERNMENT DATA DEEMED APPROPRIATE BY THE SECRETARY.”.

AMENDMENT NO. 4

On page 8, after line 22, insert

“(7) “FOCUS AREA EMPLOYEE” MEANS AN INDIVIDUAL WHO:

(I) IS A NEW EMPLOYEE OR AN EMPLOYEE REHIRED AFTER BEING LAID OFF FOR MORE THAN 1 YEAR BY A BUSINESS ENTITY;

(II) IS EMPLOYED BY A BUSINESS ENTITY AT LEAST 35 HOURS EACH WEEK FOR AT LEAST 12 MONTHS BEFORE OR DURING THE TAXABLE YEAR FOR WHICH THE ENTITY CLAIMS A CREDIT;

(III) SPENDS AT LEAST 50 PERCENT OF THE HOURS UNDER ITEM (II) OF THIS PARAGRAPH EITHER IN THE FOCUS AREA OR ON ACTIVITIES OF THE

(Over)

BUSINESS ENTITY RESULTING DIRECTLY FROM ITS LOCATION IN THE FOCUS AREA;

(IV) IS HIRED BY THE BUSINESS ENTITY AFTER THE LATER OF:

1. THE DATE ON WHICH THE FOCUS AREA IS DESIGNATED; OR

2. THE DATE ON WHICH THE BUSINESS ENTITY LOCATED IN THE FOCUS AREA; AND

(V) EARNS AT LEAST 150 PERCENT OF THE FEDERAL MINIMUM WAGE.”.

AMENDMENT NO. 5

On page 9, after line 34, insert:

“(E) (1) FOR THE TAXABLE YEAR IN WHICH A BUSINESS ENTITY SATISFIES THE REQUIREMENTS OF ARTICLE 83A, §§ 5-402(K) AND 5-404 OF THE CODE, A CREDIT IS ALLOWED THAT EQUALS:

(I) UP TO \$3,000 OF THE WAGES PAID TO EACH FOCUS AREA EMPLOYEE WHO:

1. IS AN ECONOMICALLY DISADVANTAGED INDIVIDUAL; AND

2. IS NOT HIRED TO REPLACE AN INDIVIDUAL WHOM THE BUSINESS ENTITY EMPLOYED IN THAT YEAR OR ANY OF THE 3 PRECEDING TAXABLE YEARS; AND

(II) UP TO \$1,000 OF THE WAGES PAID TO EACH FOCUS AREA EMPLOYEE WHO:

1. IS NOT AN ECONOMICALLY DISADVANTAGED INDIVIDUAL; AND

2. IS NOT HIRED TO REPLACE AN INDIVIDUAL WHOM THE BUSINESS ENTITY EMPLOYED IN THAT YEAR OR ANY OF THE 3 PRECEDING TAXABLE YEARS.

(2) FOR EACH TAXABLE YEAR AFTER THE TAXABLE YEAR DESCRIBED IN PARAGRAPH (1) OF THIS SUBSECTION, WHILE THE AREA IS DESIGNATED A FOCUS AREA, A CREDIT IS ALLOWED THAT EQUALS:

(I) UP TO \$3,000 OF THE WAGES PAID TO EACH FOCUS AREA EMPLOYEE WHO:

1. IS AN ECONOMICALLY DISADVANTAGED INDIVIDUAL;

2. BECAME A FOCUS AREA EMPLOYEE DURING THE TAXABLE YEAR TO WHICH THE CREDIT APPLIES; AND

3. IS NOT HIRED TO REPLACE AN INDIVIDUAL WHOM THE BUSINESS ENTITY EMPLOYED IN THAT YEAR OR ANY OF THE 3 PRECEDING TAXABLE YEARS;

(II) UP TO \$2,000 OF THE WAGES PAID TO EACH FOCUS AREA EMPLOYEE WHO IS AN ECONOMICALLY DISADVANTAGED INDIVIDUAL, IF THE BUSINESS ENTITY RECEIVED A CREDIT UNDER PARAGRAPH (1)(I) OF THIS SUBSECTION FOR THE FOCUS AREA EMPLOYEE IN THE IMMEDIATELY PRECEDING TAXABLE YEAR; AND

(III) UP TO \$1,000 OF THE WAGES PAID TO EACH FOCUS AREA EMPLOYEE WHO IS NOT HIRED TO REPLACE AN INDIVIDUAL WHOM THE BUSINESS ENTITY EMPLOYED IN THAT YEAR OR ANY OF THE 3 PRECEDING TAXABLE YEARS IF THE FOCUS AREA EMPLOYEE;

1. IS AN ECONOMICALLY DISADVANTAGED INDIVIDUAL FOR WHOM THE BUSINESS ENTITY RECEIVED A CREDIT UNDER ITEM (II) OF THIS PARAGRAPH IN THE 2 IMMEDIATELY PRECEDING TAXABLE YEARS AND UNDER:

A. PARAGRAPH (1)(I) OF THIS SUBSECTION; OR

B. ITEM (I) OF THIS PARAGRAPH; OR

2. IS NOT AN ECONOMICALLY DISADVANTAGED INDIVIDUAL BUT BECAME A FOCUS AREA EMPLOYEE DURING THE TAXABLE YEAR TO WHICH THE CREDIT APPLIES.

(3) A BUSINESS ENTITY THAT HIRES A FOCUS AREA EMPLOYEE TO REPLACE ANOTHER FOCUS AREA EMPLOYEE FOR WHOM THE BUSINESS ENTITY RECEIVED A CREDIT UNDER PARAGRAPH (1)(I) OF THIS SUBSECTION AND PARAGRAPH (2)(II) OF THIS SUBSECTION IN THE IMMEDIATELY PRECEDING TAXABLE YEAR MAY TREAT THE FOCUS AREA EMPLOYEE AS THE REPLACEMENT FOR THE OTHER FOCUS AREA EMPLOYEE TO DETERMINE ANY CREDIT THAT MAY BE AVAILABLE TO THE BUSINESS ENTITY UNDER PARAGRAPH (2)(II) OR (III) OF THIS SUBSECTION.”.

AMENDMENT NO. 6

On page 2, strike in their entirety lines 19 through 22, inclusive.

On page 6, strike in their entirety lines 19 through 21, inclusive; in line 22, strike the brackets and “(4)”; in line 24, strike the brackets and “(5)”; and in line 27, strike the brackets and “(6)”.

On page 10, strike in their entirety lines 6 through 16, inclusive.

AMENDMENT NO. 7

On page 8, after line 26, insert:

“(2) A BUSINESS ENTITY THAT IS LOCATED IN A FOCUS AREA AND SATISFIES THE REQUIREMENTS OF ARTICLE 83A, § 5-404 OF THE CODE MAY CLAIM A

CREDIT ONLY AGAINST THE STATE INCOME TAX FOR THE WAGES SPECIFIED IN SUBSECTION (E) OF THIS SECTION THAT ARE PAID TO A FOCUS AREA EMPLOYEE IN THE TAXABLE YEAR FOR WHICH THE ENTITY CLAIMS THE CREDIT.”;

and in line 27, strike “(2)” and substitute “(3)”.

On page 8 in line 31, and on page 9 in line 7, in each instance, strike “SUBJECT TO SUBSECTION (F) OF THIS SECTION” and substitute “IF A BUSINESS ENTITY DOES NOT CLAIM AN ENHANCED TAX CREDIT UNDER SUBSECTION (E) OF THIS SECTION FOR A FOCUS AREA EMPLOYEE”.

On page 9, in line 35, strike “(e)” and substitute “(F)”; in the same line, strike the brackets; and in the same line, strike “SUBJECT TO SUBSECTION (F) OF THIS SECTION, IF”.

AMENDMENT NO. 8

On page 10, after line 38, insert:

“Article - Tax - Property

9-103.

(a) (6) (I) “Qualified property” means real property that is:

[(i)] 1. not used for residential purposes;

[(ii)] 2. used in a trade or business by a business entity that meets the requirements of Article 83A, § 5-404 of the Code; and

[(iii)] 3. located in an enterprise zone that is designated under Article 83A, § 5-402 of the Code.

(II) “QUALIFIED PROPERTY” INCLUDES PERSONAL PROPERTY ON REAL PROPERTY THAT IS LOCATED IN A FOCUS AREA AS DEFINED IN ARTICLE

(Over)

83A, § 5-401 OF THE CODE.

(d) (4) FOR QUALIFIED PROPERTY LOCATED IN A FOCUS AREA, THE APPROPRIATE GOVERNING BODY SHALL CALCULATE THE AMOUNT OF THE TAX CREDIT UNDER THIS SECTION EQUAL TO 80% OF THE AMOUNT OF PROPERTY TAX IMPOSED ON THE ELIGIBLE ASSESSMENT OF THE QUALIFIED PROPERTY FOR EACH OF THE 10 TAXABLE YEARS FOLLOWING THE CALENDAR YEAR IN WHICH THE PROPERTY INITIALLY BECOMES A QUALIFIED PROPERTY.”.

AMENDMENT NO. 9

On page 11, before line 1, insert:

“SECTION 2. AND BE IT FURTHER ENACTED, That the Governor shall establish a task force composed of representatives of the Department of Business and Economic Development and other State and local agencies with an interest in the effective operation of the State’s Enterprise Zone program to study the effectiveness of the program and how it compares to the programs of other states and to report its findings to the Governor and, in accordance with § 2-1246 of the State Government Article, the General Assembly on or before December 1, 1999.

SECTION 3. AND BE IT FURTHER ENACTED, That there is a task force composed of representatives of the Office of the Comptroller, the Office of the Attorney General, and the Department of Business and Economic Development appointed by the Comptroller, the Attorney General, and the Secretary of the Department of Business and Economic Development, respectively, to examine the possibility of crafting tax credits based on residency in the State’s enterprise zones and to report its findings to the Governor and, in accordance with § 2-1246 of the State Government Article, the General Assembly on or before December 1, 1999.”.

AMENDMENT NO. 10

On page 11, in line 1, strike “2.” and substitute “4.”; and in line 4, strike “3.” and substitute “5.”.