

HOUSE BILL 4

Unofficial Copy  
Q3

1999 Regular Session  
(91r0728)

*ENROLLED BILL*

-- *Ways and Means/Budget and Taxation* --

Introduced by **Delegates Taylor, Busch, Arnick, Dewberry, Doory, Guns, Harrison, Hixson, Howard, Hurson, Kopp, Menes, Montague, Owings, Rawlings, Rosenberg, Vallario, and Wood Wood, W. Baker, Bozman, Bronrott, Brown, Cadden, Cryor, C. Davis, Edwards, Finifter, Franchot, Fulton, Giannetti, Healey, Hecht, A. Jones, V. Jones, Kagan, K. Kelly, Kirk, Krysiak, Love, Marriott, McIntosh, Mitchell, Nathan-Pulliam, Phillips, Rosso, Rudolph, Shriver, and Slade Slade, McKee, Conroy, Bartlett, Patterson, Eckardt, Conway, Schisler, Cane, Walkup, and McClenahan**

Read and Examined by Proofreaders:

\_\_\_\_\_  
Proofreader.

\_\_\_\_\_  
Proofreader.

Sealed with the Great Seal and presented to the Governor, for his approval this  
\_\_\_\_ day of \_\_\_\_\_ at \_\_\_\_\_ o'clock, \_\_\_\_M.

\_\_\_\_\_  
Speaker.

CHAPTER \_\_\_\_\_

1 AN ACT concerning

2 **One Maryland Economic Development Program for Distressed Counties -**  
3 **Income Tax Credits**

4 FOR the purpose of allowing certain credits against ~~the State income tax~~ *certain taxes*  
5 for certain costs of certain economic development projects undertaken by certain  
6 business entities in certain qualified economically distressed counties and  
7 certain start-up costs of certain business entities locating in certain qualified  
8 economically distressed counties; *providing for the carryover of certain unused*  
9 *credits; making certain unused credits refundable under certain circumstances;*  
10 defining certain terms; requiring the Secretary of Business and Economic  
11 Development to adopt certain regulations; providing for the application of this

1 Act; and generally relating to certain tax credits to encourage capital investment  
2 and job creation in certain qualified economically distressed counties.

3 BY adding to

4 Article 83A - Department of Business and Economic Development  
5 Section 5-1301 to be under the new subtitle "Subtitle 13. One Maryland  
6 Economic Development Tax Credits"  
7 Annotated Code of Maryland  
8 (1998 Replacement Volume)

9 BY adding to

10 Article - Insurance  
11 Section 6-119  
12 Annotated Code of Maryland  
13 (1997 Volume and 1998 Supplement)

14 BY adding to

15 Article - Tax - General  
16 Section 8-220 and 10-712  
17 Annotated Code of Maryland  
18 (1997 Replacement Volume and 1998 Supplement)

19 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF  
20 MARYLAND, That the Laws of Maryland read as follows:

21 ~~Article - Tax - General~~

22 ~~10-712.~~

23 Article 83A - Department of Business and Economic Development

24 SUBTITLE 13. ONE MARYLAND ECONOMIC DEVELOPMENT TAX CREDITS.

25 5-1301.

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

28 (2) "CENTRAL FINANCIAL, REAL ESTATE, OR INSURANCE SERVICES"  
29 MEANS THE PERFORMANCE OF CENTRAL MANAGEMENT OR ADMINISTRATIVE  
30 FUNCTIONS FOR A BUSINESS ENTITY ENGAGED IN FINANCIAL, REAL ESTATE, OR  
31 INSURANCE SERVICES, SUCH AS GENERAL MANAGEMENT, ACCOUNTING, COMPUTER  
32 TABULATING, DATA PROCESSING, PURCHASING, TRANSPORTATION OR SHIPPING,  
33 ADVERTISING, LEGAL, FINANCIAL, AND RESEARCH AND DEVELOPMENT.

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

4 (II) "COMPANY HEADQUARTERS" DOES NOT INCLUDE THE  
5 HEADQUARTERS OF A PROFESSIONAL SPORTS ORGANIZATION.

6 (4) "ELIGIBLE ECONOMIC DEVELOPMENT PROJECT" MEANS AN  
7 ECONOMIC DEVELOPMENT PROJECT ESTABLISHING OR EXPANDING A BUSINESS  
8 FACILITY WITHIN A QUALIFIED DISTRESSED COUNTY THAT IS APPROVED BY THE  
9 SECRETARY TO RECEIVE THE TAX CREDITS UNDER THIS SECTION.

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

12 (6) (I) "ELIGIBLE PROJECT COSTS" MEANS ~~THE~~ UP TO \$5,000,000 OF  
13 COSTS AND EXPENSES INCURRED BY A BUSINESS ENTITY IN CONNECTION WITH THE  
14 ACQUISITION, CONSTRUCTION, REHABILITATION, INSTALLATION, AND EQUIPPING  
15 OF AN ELIGIBLE ECONOMIC DEVELOPMENT PROJECT.

16 (II) "ELIGIBLE PROJECT COSTS" INCLUDES:

17 1. THE COSTS OF ACQUIRING, CONSTRUCTING,  
18 REHABILITATING, INSTALLING, AND EQUIPPING THE PROJECT, INCLUDING  
19 OBLIGATIONS INCURRED FOR LABOR AND TO CONTRACTORS, SUBCONTRACTORS,  
20 BUILDERS, AND MATERIALMEN;

21 2. THE COSTS OF ACQUIRING LAND OR RIGHTS IN LAND AND  
22 COSTS INCIDENTAL TO ACQUIRING LAND OR RIGHTS IN LAND;

23 3. THE COSTS OF CONTRACT BONDS AND INSURANCE THAT  
24 ARE REQUIRED OR NECESSARY DURING THE ACQUISITION, CONSTRUCTION, OR  
25 INSTALLATION OF THE PROJECT;

26 4. THE COSTS OF ARCHITECTURAL AND ENGINEERING  
27 SERVICES, INCLUDING TEST BORINGS, SURVEYS, ESTIMATES, PLANS AND  
28 SPECIFICATIONS, PRELIMINARY INVESTIGATIONS, ENVIRONMENTAL MITIGATION,  
29 AND SUPERVISION OF CONSTRUCTION;

30 5. THE COSTS FOR THE PERFORMANCE OF ALL THE DUTIES  
31 REQUIRED BY OR CONSEQUENT TO THE ACQUISITION, CONSTRUCTION, AND  
32 INSTALLATION OF THE PROJECT;

33 6. THE COSTS REQUIRED FOR THE INSTALLATION OF  
34 UTILITIES SUCH AS WATER, SEWER, SEWER TREATMENT, GAS, ELECTRICITY,  
35 COMMUNICATIONS, RAILROADS, AND SIMILAR FACILITIES;

36 7. THE INTEREST COSTS PRIOR TO AND DURING THE  
37 ACQUISITION, CONSTRUCTION, AND INSTALLATION, AND EQUIPMENT OF THE

1 PROJECT AND FOR A PERIOD OF UP TO 2 YEARS AFTER COMPLETION OF THE  
2 PROJECT;

3 8. THE COSTS, EXPENSES, AND FEES INCURRED IN  
4 CONNECTION WITH THE FINANCING OF THE PROJECT, INCLUDING LEGAL,  
5 ACCOUNTING, FINANCIAL, PRINTING, RECORDING, FILING COSTS, FEES, AND  
6 EXPENSES; AND

7 9. THE COSTS OF OBTAINING BOND INSURANCE, LETTERS  
8 OF CREDIT, OR OTHER FORMS OF CREDIT ENHANCEMENT OR LIQUIDITY FACILITIES.

9 (III) "ELIGIBLE PROJECT COSTS" DOES NOT INCLUDE ANY COSTS  
10 INCURRED BY A BUSINESS ENTITY BEFORE NOTIFYING THE DEPARTMENT OF ITS  
11 INTENT TO SEEK CERTIFICATION AS QUALIFYING FOR THE TAX CREDIT UNDER THIS  
12 SECTION.

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

15 (I) ESTABLISHES OR EXPANDS A BUSINESS FACILITY THAT:

16 1. IS LOCATED IN A QUALIFIED DISTRESSED COUNTY IN THE  
17 STATE; AND

18 2. IS LOCATED WITHIN A PRIORITY FUNDING AREA UNDER §  
19 5-7B-02 OF THE STATE FINANCE AND PROCUREMENT ARTICLE OR IS ELIGIBLE FOR  
20 FUNDING OUTSIDE OF A PRIORITY FUNDING AREA UNDER § 5-7B-05 OR § 5-7B-06 OF  
21 THE STATE FINANCE AND PROCUREMENT ARTICLE;

22 (II) DURING ANY 24-MONTH PERIOD CREATES AT LEAST 25  
23 QUALIFIED POSITIONS AT THE NEW OR EXPANDED BUSINESS FACILITY;

24 (III) IS PRIMARILY ENGAGED AT THE NEW OR EXPANDED BUSINESS  
25 FACILITY IN THE QUALIFIED DISTRESSED COUNTY IN ONE OR MORE OF THE  
26 FOLLOWING:

27 1. MANUFACTURING OR MINING;

28 2. TRANSPORTATION OR COMMUNICATIONS;

29 3. FILMMAKING, RESORT, AND RECREATIONAL BUSINESS;

30 4. AGRICULTURE, FORESTRY, OR FISHING;

31 5. RESEARCH, DEVELOPMENT, OR TESTING;

32 6. BIOTECHNOLOGY;

33 7. COMPUTER PROGRAMMING, DATA PROCESSING, OR  
34 OTHER COMPUTER RELATED SERVICES;

1  
2 SERVICES;

8. CENTRAL FINANCIAL, REAL ESTATE, OR INSURANCE

3  
4 OR A COMPANY HEADQUARTERS;

9. THE OPERATION OF CENTRAL ADMINISTRATIVE OFFICES

5

10. A PUBLIC UTILITY;

6

11. WAREHOUSING; OR

7

12. BUSINESS SERVICES; AND

8 (IV) IS CERTIFIED BY THE SECRETARY UNDER SUBSECTION (E) OF  
9 THIS SECTION AS QUALIFYING FOR THE TAX CREDITS UNDER THIS SECTION.

10 (8) "QUALIFIED DISTRESSED COUNTY" MEANS A COUNTY, INCLUDING  
11 BALTIMORE CITY, FOR WHICH:

12 (I) THE AVERAGE RATE OF UNEMPLOYMENT FOR THE MOST  
13 RECENT 18-MONTH PERIOD FOR WHICH DATA ARE AVAILABLE IS GREATER THAN  
14 150% OF THE AVERAGE RATE OF UNEMPLOYMENT FOR THE ENTIRE STATE DURING  
15 THAT SAME PERIOD; OR

16 (II) THE AVERAGE PER CAPITA PERSONAL INCOME FOR THE MOST  
17 RECENT 24-MONTH PERIOD FOR WHICH DATA ARE AVAILABLE IS EQUAL TO OR LESS  
18 THAN 67% OF THE AVERAGE PERSONAL PER CAPITA INCOME FOR THE ENTIRE STATE  
19 DURING THAT SAME PERIOD.

20 (9) "QUALIFIED EMPLOYEE" MEANS AN EMPLOYEE FILLING A  
21 QUALIFIED POSITION.

22 (10) (I) "QUALIFIED POSITION" MEANS A POSITION THAT:

23 1. IS A FULL-TIME POSITION AND IS OF INDEFINITE  
24 DURATION;

25 2. PAYS AT LEAST 150% OF THE FEDERAL MINIMUM WAGE;

26 3. IS LOCATED IN A QUALIFIED DISTRESSED COUNTY IN  
27 MARYLAND;

28 4. IS NEWLY CREATED, AS A RESULT OF THE  
29 ESTABLISHMENT OR EXPANSION OF A BUSINESS FACILITY IN A SINGLE LOCATION IN  
30 THE QUALIFIED DISTRESSED COUNTY; AND

31 5. IS FILLED.

32 (II) "QUALIFIED POSITION" DOES NOT INCLUDE A POSITION THAT  
33 IS:

1 1. CREATED WHEN AN EMPLOYMENT FUNCTION IS SHIFTED  
 2 FROM AN EXISTING BUSINESS FACILITY OF THE BUSINESS ENTITY LOCATED IN  
 3 MARYLAND TO ANOTHER BUSINESS FACILITY OF THE SAME BUSINESS ENTITY IF  
 4 THE POSITION DOES NOT REPRESENT A NET NEW JOB IN THE STATE;

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

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

10 4. CREATED WHEN AN EMPLOYMENT FUNCTION IS  
 11 CONTRACTUALLY SHIFTED FROM AN EXISTING BUSINESS ENTITY LOCATED IN THE  
 12 STATE TO ANOTHER BUSINESS ENTITY IF THE POSITION DOES NOT REPRESENT A  
 13 NET NEW JOB IN THE STATE; OR

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

15 (11) "SECRETARY" MEANS THE SECRETARY OF BUSINESS AND ECONOMIC  
 16 DEVELOPMENT.

17 (12) (I) "ELIGIBLE START-UP COSTS" MEANS UP TO A TOTAL OF \$500,000  
 18 OF:

19 ~~(1)~~ 1. A COMPANY'S COST TO FURNISH AND EQUIP A NEW  
 20 LOCATION FOR ORDINARY BUSINESS FUNCTIONS, INCLUDING COMPUTERS,  
 21 NONRECURRING COSTS OF FIXED TELECOMMUNICATIONS EQUIPMENT,  
 22 FURNISHINGS, AND OFFICE EQUIPMENT; AND

23 ~~(2)~~ 2. A COMPANY'S EXPENDITURES FOR MOVING COSTS,  
 24 SEPARATION COSTS, AND ANY OTHER EXPENDITURE INCURRED BY A COMPANY  
 25 DIRECTLY RELATED TO A MOVE FROM AN EXISTING LOCATION OUTSIDE OF  
 26 MARYLAND TO A LOCATION IN A QUALIFIED DISTRESSED COUNTY IN MARYLAND.

27 (II) "ELIGIBLE START-UP COSTS" DOES NOT INCLUDE ANY COSTS  
 28 INCURRED BY A BUSINESS ENTITY BEFORE NOTIFYING THE DEPARTMENT OF ITS  
 29 INTENT TO SEEK CERTIFICATION AS QUALIFYING FOR THE TAX CREDIT UNDER THIS  
 30 SECTION.

31 (B) (1) A QUALIFIED BUSINESS ENTITY MAY CLAIM A TAX CREDIT UNDER  
 32 ~~THIS SUBSECTION AGAINST THE STATE INCOME TAX~~ FOR THE COSTS OF AN  
 33 ELIGIBLE ECONOMIC DEVELOPMENT PROJECT IN A QUALIFIED DISTRESSED  
 34 COUNTY IF THE AMOUNT OF THE QUALIFIED BUSINESS ENTITY'S TOTAL ELIGIBLE  
 35 PROJECT COSTS FOR THE ELIGIBLE ECONOMIC DEVELOPMENT PROJECT IS AT LEAST  
 36 \$500,000.

37 (2) THE CREDIT ALLOWED UNDER THIS SUBSECTION EQUALS THE  
 38 LESSER OF:

1 (I) 100% OF THE ELIGIBLE PROJECT COSTS FOR THE ELIGIBLE  
2 ECONOMIC DEVELOPMENT PROJECT, LESS THE AMOUNT OF THE CREDIT ALLOWED  
3 WITH RESPECT TO THE PROJECT FOR PRIOR TAXABLE YEARS; OR

4 (II) THE STATE ~~INCOME~~ TAX FOR THE TAXABLE YEAR ON THE  
5 QUALIFIED BUSINESS ENTITY'S INCOME GENERATED BY OR ARISING OUT OF THE  
6 PROJECT, AS DETERMINED UNDER PARAGRAPH (3) OF THIS SUBSECTION.

7 (3) (I) THE STATE ~~INCOME~~ TAX FOR THE TAXABLE YEAR ON THE  
8 QUALIFIED BUSINESS ENTITY'S INCOME GENERATED BY OR ARISING OUT OF AN  
9 ELIGIBLE ECONOMIC DEVELOPMENT PROJECT SHALL EQUAL THE DIFFERENCE  
10 BETWEEN:

11 1. THE STATE ~~INCOME~~ TAX WITHOUT REGARD TO THIS  
12 SECTION; AND

13 2. THE STATE ~~INCOME~~ TAX ON THE QUALIFIED BUSINESS  
14 ENTITY'S MARYLAND TAXABLE INCOME REDUCED BY THE AMOUNT OF ITS NET  
15 INCOME ATTRIBUTABLE TO THE ELIGIBLE ECONOMIC DEVELOPMENT PROJECT.

16 (II) 1. IF AN ELIGIBLE ECONOMIC DEVELOPMENT PROJECT IS A  
17 TOTALLY SEPARATE FACILITY, NET INCOME ATTRIBUTABLE TO THE PROJECT SHALL  
18 BE DETERMINED UNDER THE SEPARATE ACCOUNTING METHOD REFLECTING ONLY  
19 THE GROSS INCOME, DEDUCTIONS, EXPENSES, GAINS, AND LOSSES THAT ARE  
20 DIRECTLY ATTRIBUTABLE TO THE FACILITY AND OVERHEAD EXPENSES  
21 APPORTIONED TO THE FACILITY.

22 2. IF THE ELIGIBLE ECONOMIC DEVELOPMENT PROJECT IS  
23 AN EXPANSION TO A PREVIOUSLY EXISTING FACILITY:

24 A. NET INCOME ATTRIBUTABLE TO THE ENTIRE FACILITY  
25 SHALL BE DETERMINED UNDER THE SEPARATE ACCOUNTING METHOD REFLECTING  
26 ONLY THE GROSS INCOME, DEDUCTIONS, EXPENSES, GAINS, AND LOSSES THAT ARE  
27 DIRECTLY ATTRIBUTABLE TO THE FACILITY AND OVERHEAD EXPENSES  
28 APPORTIONED TO THE FACILITY; AND

29 B. THE NET INCOME ATTRIBUTABLE TO THE ELIGIBLE  
30 ECONOMIC DEVELOPMENT PROJECT SHALL BE DETERMINED BY APPORTIONING THE  
31 SEPARATE ACCOUNTING NET INCOME OF THE ENTIRE FACILITY TO THE ELIGIBLE  
32 ECONOMIC DEVELOPMENT PROJECT BY A FORMULA APPROVED BY THE  
33 COMPTROLLER OR THE DEPARTMENT OF ASSESSMENTS AND TAXATION.

34 3. IF A QUALIFIED BUSINESS ENTITY CAN SHOW TO THE  
35 SATISFACTION OF THE COMPTROLLER OR THE DEPARTMENT OF ASSESSMENTS AND  
36 TAXATION THAT THE NATURE OF THE OPERATIONS AND ACTIVITIES OF THE  
37 QUALIFIED BUSINESS ENTITY ARE SUCH THAT IT IS NOT PRACTICAL TO USE THE  
38 SEPARATE ACCOUNTING METHOD TO DETERMINE THE NET INCOME FROM THE  
39 FACILITY AT WHICH THE ELIGIBLE ECONOMIC DEVELOPMENT PROJECT IS LOCATED,  
40 THE QUALIFIED BUSINESS ENTITY SHALL DETERMINE NET INCOME FROM THE  
41 ELIGIBLE ECONOMIC DEVELOPMENT PROJECT USING AN ALTERNATIVE METHOD

1 APPROVED BY THE QUALIFIED COMPTROLLER OR THE DEPARTMENT OF  
2 ASSESSMENTS AND TAXATION.

3           (4)    (I)    ~~IF THE PROJECT COSTS FOR THE ELIGIBLE ECONOMIC  
4 DEVELOPMENT PROJECT LESS THE AMOUNT OF THE CREDIT ALLOWED WITH  
5 RESPECT TO THE PROJECT FOR PRIOR TAXABLE YEARS EXCEEDS THE STATE INCOME  
6 TAX ON THE BUSINESS ENTITY'S INCOME GENERATED BY OR ARISING OUT OF THE  
7 PROJECT FOR THAT TAXABLE YEAR, A QUALIFIED BUSINESS ENTITY ELIGIBLE FOR  
8 THE CREDIT UNDER THIS SUBSECTION MAY CLAIM ANY EXCESS AS A CREDIT FOR  
9 THE PAYMENT OF WITHHOLDING TAXES THAT THE QUALIFIED BUSINESS ENTITY IS  
10 REQUIRED TO PAY TO THE COMPTROLLER UNDER § 10-906(A) OF THIS TITLE, IN THE  
11 MANNER PROVIDED UNDER SUBSECTION (C) OF THIS SECTION.~~

12                   (II)    ~~ANY CREDIT UNUSED UNDER EITHER THIS SUBSECTION OR  
13 SUBSECTION (C) OF THIS SECTION MAY BE APPLIED AS A CREDIT FOR UP TO 14  
14 TAXABLE YEARS AFTER THE FIRST TAXABLE YEAR IN WHICH THE CREDIT IS  
15 CLAIMED WITH RESPECT TO THE ELIGIBLE ECONOMIC DEVELOPMENT PROJECT OR  
16 UNTIL FULLY USED.~~

17           (4)    IF THE ELIGIBLE PROJECT COSTS FOR THE ELIGIBLE ECONOMIC  
18 DEVELOPMENT PROJECT EXCEED THE STATE TAX ON THE QUALIFIED BUSINESS  
19 ENTITY'S INCOME GENERATED BY OR ARISING OUT OF THE PROJECT FOR THE  
20 TAXABLE YEAR IN WHICH THE PROJECT IS PLACED IN SERVICE, THE QUALIFIED  
21 BUSINESS ENTITY MAY APPLY ANY EXCESS AS A CREDIT FOR SUCCEEDING TAXABLE  
22 YEARS AGAINST THE STATE TAX ON THE QUALIFIED BUSINESS ENTITY'S INCOME  
23 GENERATED BY OR ARISING OUT OF THE PROJECT UNTIL THE EARLIER OF:

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

25                   (II)   THE EXPIRATION OF THE 14TH TAXABLE YEAR FOLLOWING THE  
26 TAXABLE YEAR IN WHICH THE PROJECT IS PLACED IN SERVICE.

27           (5)    (I)    SUBJECT TO THE LIMITATION UNDER SUBPARAGRAPH (II) OF  
28 THIS PARAGRAPH, FOR ANY TAXABLE YEAR AFTER THE 4TH TAXABLE YEAR  
29 FOLLOWING THE TAXABLE YEAR IN WHICH THE PROJECT IS PLACED IN SERVICE BUT  
30 BEFORE THE 15TH TAXABLE YEAR FOLLOWING THE TAXABLE YEAR IN WHICH THE  
31 PROJECT IS PLACED IN SERVICE:

32                   1.    ANY EXCESS OF ELIGIBLE PROJECT COSTS FOR THE  
33 ELIGIBLE ECONOMIC DEVELOPMENT PROJECT OVER THE CUMULATIVE AMOUNT  
34 USED AS A TAX CREDIT UNDER THIS SUBSECTION FOR THE TAXABLE YEAR AND ALL  
35 PRIOR TAXABLE YEARS MAY BE APPLIED AS A TAX CREDIT AGAINST THE STATE TAX  
36 FOR THE TAXABLE YEAR ON THE QUALIFIED BUSINESS ENTITY'S INCOME OTHER  
37 THAN INCOME GENERATED BY OR ARISING OUT OF THE PROJECT; AND

38                   2.    THE QUALIFIED BUSINESS ENTITY MAY CLAIM A REFUND  
39 IN THE AMOUNT, IF ANY, BY WHICH THE UNUSED EXCESS EXCEEDS THE STATE TAX  
40 FOR THE TAXABLE YEAR ON THE QUALIFIED BUSINESS ENTITY'S INCOME OTHER  
41 THAN INCOME GENERATED BY OR ARISING OUT OF THE PROJECT.



1 (II) FOR ANY TAXABLE YEAR, THE TOTAL OF THE AMOUNTS USED  
2 AS A TAX CREDIT AND CLAIMED AS A REFUND AS PROVIDED IN THIS PARAGRAPH  
3 MAY NOT EXCEED THE AMOUNT OF TAXES THAT THE QUALIFIED BUSINESS ENTITY  
4 IS REQUIRED TO WITHHOLD FOR THE TAXABLE YEAR FROM THE WAGES OF  
5 QUALIFIED EMPLOYEES UNDER § 10-908 OF THE TAX - GENERAL ARTICLE.

6 (C) (1) A QUALIFIED BUSINESS ENTITY THAT LOCATES IN A QUALIFIED  
7 DISTRESSED COUNTY MAY CLAIM A TAX CREDIT IN THE AMOUNT PROVIDED IN  
8 PARAGRAPH (2) OF THIS SUBSECTION AS A CREDIT FOR THE PAYMENT TO THE  
9 ~~COMPTROLLER OF TAXES THAT THE QUALIFIED BUSINESS ENTITY:~~

10 ~~(4) IS REQUIRED TO WITHHOLD FROM THE WAGES OF EMPLOYEES~~  
11 ~~UNDER § 10-908 OF THIS TITLE; AND~~

12 ~~(II) IS REQUIRED TO PAY TO THE COMPTROLLER UNDER § 10-906(A)~~  
13 ~~OF THIS TITLE.~~

14 (2) THE CREDIT ALLOWED UNDER THIS SUBSECTION FOR EACH  
15 TAXABLE YEAR EQUALS THE LESSER OF:

16 (I) 100% OF THE QUALIFIED BUSINESS ENTITY'S ELIGIBLE  
17 START-UP COSTS ASSOCIATED WITH ESTABLISHING OR EXPANDING A BUSINESS  
18 FACILITY IN A QUALIFIED DISTRESSED COUNTY, LESS THE AMOUNT OF THE CREDIT  
19 ALLOWED WITH RESPECT TO THE PROJECT FOR PRIOR TAXABLE YEARS; OR

20 (II) THE PRODUCT OF MULTIPLYING \$10,000 TIMES THE NUMBER  
21 OF QUALIFIED EMPLOYEES EMPLOYED AT THE NEW OR EXPANDED BUSINESS  
22 FACILITY.

23 ~~(3) THE CREDIT ALLOWED UNDER THIS SUBSECTION MAY BE ALLOWED~~  
24 ~~FOR A MAXIMUM OF 10 YEARS.~~

25 (3) IF THE CREDIT ALLOWED UNDER THIS SUBSECTION FOR THE  
26 TAXABLE YEAR IN WHICH A QUALIFIED BUSINESS ENTITY LOCATES IN A QUALIFIED  
27 DISTRESSED COUNTY EXCEEDS THE TOTAL TAX OTHERWISE DUE FROM THE  
28 QUALIFIED BUSINESS ENTITY FOR THAT TAXABLE YEAR, THE QUALIFIED BUSINESS  
29 ENTITY MAY APPLY THE EXCESS AS A CREDIT FOR SUCCEEDING TAXABLE YEARS  
30 UNTIL THE EARLIER OF:

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

32 (II) THE EXPIRATION OF THE 14TH TAXABLE YEAR FOLLOWING THE  
33 TAXABLE YEAR IN WHICH THE QUALIFIED BUSINESS ENTITY LOCATES IN A  
34 QUALIFIED DISTRESSED COUNTY.

35 (4) (I) SUBJECT TO THE LIMITATION UNDER SUBPARAGRAPH (II) OF  
36 THIS PARAGRAPH, FOR ANY TAXABLE YEAR AFTER THE 4TH TAXABLE YEAR  
37 FOLLOWING THE TAXABLE YEAR IN WHICH THE QUALIFIED BUSINESS ENTITY  
38 LOCATES IN A QUALIFIED DISTRESSED COUNTY BUT BEFORE THE 15TH TAXABLE  
39 YEAR FOLLOWING THE TAXABLE YEAR IN WHICH THE QUALIFIED BUSINESS ENTITY

1 LOCATES IN A QUALIFIED DISTRESSED COUNTY, THE QUALIFIED BUSINESS ENTITY  
2 MAY CLAIM A REFUND IN THE AMOUNT, IF ANY, BY WHICH THE QUALIFIED BUSINESS  
3 ENTITY'S ELIGIBLE START-UP COSTS EXCEED THE CUMULATIVE AMOUNT USED AS A  
4 TAX CREDIT UNDER THIS SUBSECTION FOR THE TAXABLE YEAR AND ALL PRIOR  
5 TAXABLE YEARS.

6 (II) FOR ANY TAXABLE YEAR, THE TOTAL AMOUNT CLAIMED AS A  
7 REFUND AS PROVIDED IN THIS PARAGRAPH MAY NOT EXCEED THE AMOUNT OF  
8 TAXES THAT THE QUALIFIED BUSINESS ENTITY IS REQUIRED TO WITHHOLD FOR  
9 THE TAXABLE YEAR FROM THE WAGES OF QUALIFIED EMPLOYEES UNDER § 10-908  
10 OF THE TAX - GENERAL ARTICLE.

11 (D) THE SECRETARY SHALL ADOPT REGULATIONS TO SPECIFY CRITERIA AND  
12 PROCEDURES FOR APPLICATION AND APPROVAL OF PROJECTS FOR THE TAX CREDIT  
13 UNDER THIS SECTION.

14 (E) (1) A BUSINESS ENTITY MAY NOT BE CERTIFIED AS QUALIFYING FOR  
15 THE TAX CREDIT UNDER THIS SECTION UNLESS THE BUSINESS ENTITY NOTIFIES  
16 THE DEPARTMENT OF ITS INTENT TO SEEK CERTIFICATION BEFORE HIRING ANY  
17 QUALIFIED EMPLOYEES TO FILL THE QUALIFIED POSITIONS NECESSARY TO  
18 SATISFY THE EMPLOYMENT THRESHOLD REQUIRED TO QUALIFY FOR THE TAX  
19 CREDIT UNDER SUBSECTION (A)(7)(II) OF THIS SECTION.

20 (2) (I) A BUSINESS ENTITY MAY NOT BE CERTIFIED AS QUALIFYING  
21 FOR THE TAX CREDIT UNDER THIS SECTION IF AN ANNOUNCEMENT OF INTENT TO  
22 ESTABLISH OR EXPAND THE BUSINESS FACILITY WAS MADE ON OR BEFORE APRIL 10,  
23 1999.

24 (II) FOR PURPOSES OF THIS PARAGRAPH, AN ANNOUNCEMENT OF  
25 INTENT TO ESTABLISH OR EXPAND A BUSINESS FACILITY INCLUDES A PRESS  
26 CONFERENCE OR PRESS COVERAGE REGARDING THE PROJECT.

27 (3) TO BE CERTIFIED AS A QUALIFIED BUSINESS ENTITY, A BUSINESS  
28 ENTITY SHALL SUBMIT THE FOLLOWING TO THE SECRETARY IN ACCORDANCE WITH  
29 REGULATIONS ADOPTED BY THE SECRETARY:

30 (I) THE EFFECTIVE DATE OF THE START-UP OR EXPANSION;

31 (II) THE NUMBER OF FULL-TIME EMPLOYEES PRIOR TO THE  
32 START-UP OR EXPANSION AND THE PAYROLL OF THE EXISTING EMPLOYEES;

33 (III) THE NUMBER OF QUALIFIED POSITIONS CREATED, QUALIFIED  
34 EMPLOYEES HIRED, AND THE PAYROLL OF THOSE EMPLOYEES; AND

35 (IV) ANY OTHER INFORMATION THAT THE SECRETARY REQUIRES  
36 BY REGULATION.

37 (2) (4) THE SECRETARY MAY REQUIRE ANY INFORMATION REQUIRED  
38 UNDER THIS SUBSECTION TO BE VERIFIED BY AN INDEPENDENT AUDITOR  
39 SELECTED BY THE QUALIFIED BUSINESS ENTITY.

1 (F) A QUALIFIED BUSINESS ENTITY MUST OBTAIN AND SUBMIT TO THE  
2 ~~COMPTROLLER~~ APPROPRIATE STATE AGENCY WITH THE TAX RETURN ON WHICH  
3 THE CREDIT IS CLAIMED, CERTIFICATION FROM THE SECRETARY THAT THE ENTITY  
4 HAS MET THE REQUIREMENTS OF THIS SECTION AND IS ELIGIBLE FOR THE CREDIT.

5 Article - Insurance

6 6-119.

7 AN INSURER MAY CLAIM A CREDIT AGAINST THE PREMIUM TAX FOR ONE  
8 MARYLAND START-UP COSTS AS PROVIDED UNDER ARTICLE 83A, § 5-1301(C) OF THE  
9 CODE.

10 Article - Tax - General

11 8-220.

12 A FINANCIAL INSTITUTION MAY CLAIM A CREDIT AGAINST THE FINANCIAL  
13 INSTITUTION FRANCHISE TAX FOR ONE MARYLAND PROJECT COSTS AND START-UP  
14 COSTS AS PROVIDED UNDER ARTICLE 83A, § 5-1301(B) AND (C) OF THE CODE.

15 10-712.

16 AN INDIVIDUAL OR CORPORATION MAY CLAIM A CREDIT AGAINST THE STATE  
17 INCOME TAX FOR ONE MARYLAND PROJECT COSTS AND START-UP COSTS AS  
18 PROVIDED UNDER ARTICLE 83A, § 5-1301(B) AND (C) OF THE CODE.

19 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect  
20 July 1, 1999, and shall be applicable to all taxable years beginning after December 31,  
21 1999.