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By: Delegates Hixson and Hurson

Introduced and read first time: February 8, 1999

Assigned to: Ways and Means

### A BILL ENTITLED

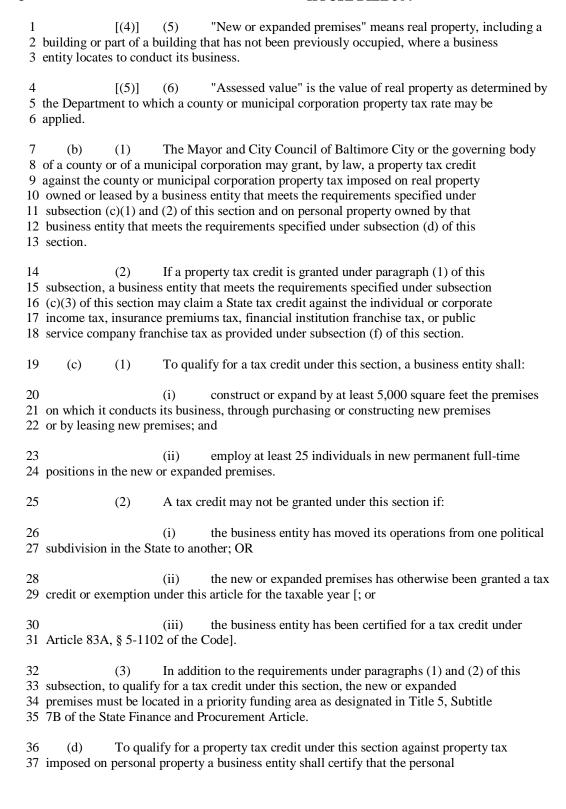
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1	AN	A("I"	concerning

_	2	1 ax Credits - N	new or E	Expanaea B	usiness P	remises

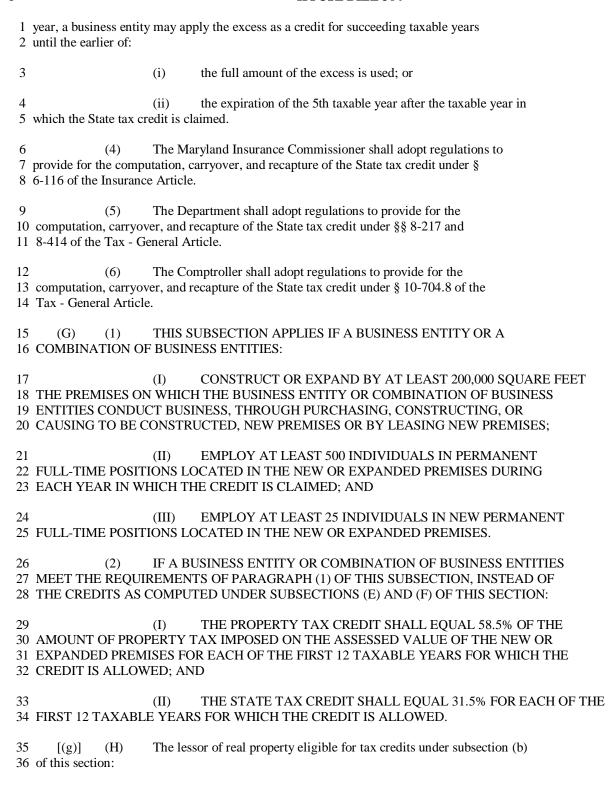
	3	FOR the	ourpose	of auth	orizing o	certain	affiliates	of o	certain	business	entities	to claim
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- 4 certain property tax and State tax credits for certain new or expanded business
- 5 premises under certain circumstances; eliminating a prohibition against
- 6 granting the credits to a business entity that has been certified for a certain
- other tax credit; providing for determining the value of the new or expanded
- 8 premises on which the credits are calculated; altering the calculation of the
- 9 credits allowed for certain business entities or combinations of business entities
- that satisfy certain requirements; prohibiting a lessor of real property eligible
- for the credits from increasing rent or imposing additional charges in a certain
- manner; repealing certain termination provisions applicable to the tax credits;
- providing for the application of this Act; and generally relating to certain
- property tax and State tax credits granted to certain business entities for
- 15 certain new or expanded business premises under certain circumstances.
- 16 BY repealing and reenacting, with amendments,
- 17 Article Tax Property
- 18 Section 9-230
- 19 Annotated Code of Maryland
- 20 (1994 Replacement Volume and 1998 Supplement)
- 21 BY repealing and reenacting, with amendments,
- 22 Chapter 623 of the Acts of the General Assembly of 1997, as amended by
- Chapter 623 of the Acts of the General Assembly of 1998
- 24 Section 2 and 3
- 25 BY repealing and reenacting, with amendments,
- 26 Chapter 624 of the Acts of the General Assembly of 1997, as amended by
- 27 Chapter 623 of the Acts of the General Assembly of 1998
- 28 Section 2 and 3
- 29 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF
- 30 MARYLAND, That the Laws of Maryland read as follows:

### 1 **Article - Tax - Property** 2 9-230. 3 (a) (1) In this section the following words have the meanings indicated. "AFFILIATE" MEANS A PERSON: 4 (2) THAT DIRECTLY OR INDIRECTLY, OWNS AT LEAST 80% OF A 5 6 BUSINESS ENTITY: OR 7 80% OF WHICH IS OWNED, DIRECTLY OR INDIRECTLY, BY A (II)8 BUSINESS ENTITY. 9 "Business entity" means a person AND ITS AFFILIATES 10 conducting a trade or business in the State, that is subject to the State individual or 11 corporate income tax, insurance premiums tax, financial institution franchise tax, or 12 public service company franchise tax. 13 [(3)](4) "New permanent full-time position" means a position that (i) 14 is: 15 1. a full-time position of indefinite duration; 2. 16 located in Maryland; newly created, as a result of the establishment or 17 3. 18 expansion of a business facility in the State; and 19 filled. 4. 20 (ii) "New permanent full-time position" does not include a position 21 that is: 22 created when an employment function is shifted from an 23 existing business facility of the business entity located in Maryland to another 24 business facility of the same business entity if the position does not represent a net 25 new job in the State; 2. 26 created through a change in ownership of a trade or 27 business; 28 created through a consolidation, merger, or restructuring 3. 29 of a business entity if the position does not represent a net new job in the State; 30 4. created when an employment function is contractually 31 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 33 5. filled for a period of less than 12 months.



	property is located on under subsection (c) of		or expanded premises that qualify for a tax credit etion.
5 6 7 8	the property tax credi expanded premises ar claimed against the co otherwise be due to ed	e county of t granted nd the per ounty or r qual a per	UBJECT TO SUBSECTION (G) OF THIS SECTION, THE or municipal corporation shall compute the amount of under subsection (b)(1) of this section for new or is sonal property located on those premises that may be municipal corporation property taxes that would recentage of the amount of property tax imposed on the expanded premises, as follows:
10		(i)	52% for the 1st and 2nd taxable years;
11		(ii)	39% in the 3rd and 4th taxable years;
12		(iii)	26% in the 5th and 6th taxable years; and
13		(iv)	0% for each taxable year thereafter.
16		HIS SEC	ALUE OF THE NEW OR EXPANDED PREMISES ON WHICH THE TION IS CALCULATED IS THE TOTAL INCREASE IN THE Y AFTER THE CONSTRUCTION OF THE NEW OR EXPANDED
	Department that a bu		The county or municipal corporation shall notify the tity has been approved for the property tax credit and or expanded premises.
23 24 25 26 27	certify to the Comptr subsection (b)(2) of t corporate income tax public service compa	bsection of the coller the chis section, insurance in the collection of the collecti	UBJECT TO SUBSECTION (G) OF THIS SECTION, ON receipt of (e)(2) of this section, the Department shall compute and amount of the State tax credit authorized under on that may be claimed against the individual or ce premiums tax, financial institution franchise tax, or nise tax that would otherwise be due to equal a roperty tax imposed on the assessed value of the new or s:
29		(i)	28% in the 1st and 2nd taxable years;
30		(ii)	21% in the 3rd and 4th taxable years;
31		(iii)	14% in the 5th and 6th taxable years; and
32		(iv)	0% for each taxable year thereafter.
33 34	(2) different taxes by the		ne State tax credit cannot be applied more than once against apayer.
35 36	(3) year exceeds the total		ate tax credit allowed under this subsection in any taxable rwise payable by the business entity for that taxable



		shall reduce by the amount of the tax credits computed under ) of this section the amount of taxes for which the eligible tractually liable under the lease agreement; AND
6		MAY NOT INCREASE THE AMOUNT OF RENT OR IMPOSE ADDITIONAL ESSEE IN ANY MANNER THAT WOULD HAVE THE EFFECT OF ALUE OF THE TAX CREDITS ALLOWED UNDER THIS SECTION TO A
8 9	[(h)] (I) provide, by law, for:	The governing body of the county or municipal corporation shall
10 11	(1) under this section;	the specific requirements for eligibility for a tax credit authorized
12	(2)	any additional limitations on eligibility for the credit;
15 16 17	earned, the business property tax credit re	a provision requiring recapture of the property and State tax credits 3 taxable years succeeding any year in which a credit was entity fails to satisfy the applicable thresholds to qualify for a equired under subsection (c) of this section OR THE THRESHOLDS THE ENHANCED CREDITS UNDER SUBSECTION (G) OF THIS
	(4) municipal corporation subject to item (3) of	the information to be supplied by the business entity to a county or and the Comptroller to verify that the business entity is not this subsection; and
22	(5)	any other provision appropriate to implement the credit.
23 24		Chapter 623 of the Acts of 1997, as amended by Chapter 623 of the Acts of 1998
27 28 29 30 31 32 33	applicable to all taxa January 1, 2008; pro Property Article, as e business entities that Article on or after Oc that any excess State be carried forward an	ble years beginning after December 31, 1996 [but before vided, however, that the tax credits under § 9-230 of the Tax - enacted by Section 1 of this Act, shall be allowed for property and meet the criteria established in § 9-230(c) of the Tax - Property ctober 1, 1997 but before January 1, 2003; and provided further tax credits under § 9-230(f)(1) of the Tax - Property Article may and, subject to the limitations under § 9-230(f)(3) of the Tax - y be applied as a credit for taxable years beginning on or after
37 38	October 1, 1997. [Su remain in effect for a 2002, with no further	ND BE IT FURTHER ENACTED, That this Act shall take effect object to the provisions of Section 2 of this Act, this Act shall a period of 5 years and 3 months and, at the end of December 31, a action required by the General Assembly, this Act shall be further force and effect.]

1	Chapter 624 of the Acts of 1997, as amended by Chapter 623 of the Acts of
2	1998

- 3 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall be
- 4 applicable to all taxable years beginning after December 31, 1996 [but before
- 5 January 1, 2008; provided, however, that the tax credits under § 9-230 of the Tax -
- 6 Property Article, as enacted by Section 1 of this Act, shall be allowed for property and
- 7 business entities that meet the criteria established in § 9-230(c) of the Tax Property
- 8 Article on or after October 1, 1997 but before January 1, 2003; and provided further
- 9 that any excess State tax credits under § 9-230(f)(1) of the Tax Property Article may
- 10 be carried forward and, subject to the limitations under § 9-230(f)(3) of the Tax -
- 11 Property Article, may be applied as a credit for taxable years beginning on or after
- 12 January 1, 2008].
- 13 SECTION 3. AND BE IT FURTHER ENACTED, That this Act shall take effect
- 14 October 1, 1997. [Subject to the provisions of Section 2 of this Act, this Act shall
- 15 remain in effect for a period of 5 years and 3 months and, at the end of December 31,
- 16 2002, with no further action required by the General Assembly, this Act shall be
- 17 abrogated and of no further force and effect.]
- 18 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
- 19 October 1, 1999 and shall be applicable to all taxable years beginning after December
- 20 31, 1998.