

HOUSE BILL 877

Unofficial Copy
C8

1999 Regular Session
(9lr1366)

ENROLLED BILL

-- Ways and Means/Budget and Taxation --

Introduced by **Delegates Hill, Brown, R. Baker, Barve, Benson, Branch,
Conroy, D. Davis, Dobson, Franchot, Frush, Giannetti, Griffith, Healey,
Howard, V. Jones, Kirk, Krysiak, Marriott, Menes, Minnick, Moe,
Montague, Oaks, Paige, Palumbo, Patterson, Pitkin, Proctor, Rawlings,
Swain, Valderrama, and ~~Vallario~~ Vallario, Bozman, Crvor, and Phillips**

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 **Economic Development - Enterprise Zones - ~~Intensive Care~~ Focus Areas**

3 FOR the purpose of providing that a political subdivision may request the Secretary
4 of Business and Economic Development to designate all or part of an enterprise
5 zone as ~~an intensive care~~ a focus area; specifying when the request may be
6 made; providing that the Secretary may grant the request if certain
7 requirements are met; ~~requiring that the request include an intensive care area~~
8 ~~strategic plan; specifying the contents of a strategic plan; requiring each unit of~~
9 ~~State government to give priority to funding projects that would further the~~
10 ~~goals and objectives identified in a strategic plan; requiring the Department of~~
11 ~~Business and Economic Development to give funding preference to business~~
12 ~~projects located in an intensive care area; permitting the Department of~~
13 ~~Business and Economic Development to adopt certain regulations; requiring the~~

1 Department to consult with the Department of Business and Economic
 2 Development with respect to certain regulations; altering the calculation of a
 3 certain State income tax credit allowed for certain wages paid by certain
 4 business entities located in certain areas of certain designated enterprise zones
 5 under certain circumstances; ~~making the credit refundable under certain~~
 6 ~~circumstances; providing a credit against the sales and use tax for certain sales~~
 7 ~~and use tax paid on certain tangible personal property that becomes an integral~~
 8 ~~part of certain real property located in certain designated areas; requiring the~~
 9 ~~Comptroller to provide by regulation for refunds in lieu of the sales and use tax~~
 10 ~~credit under certain circumstances~~ altering the calculation and application of a
 11 certain property tax credit; defining a certain ~~term~~ terms; providing for the
 12 application of this Act; providing for the creation of certain task forces a certain
 13 task force; and generally relating to enterprise zones and ~~intensive care~~ focus
 14 areas.

15 ~~BY adding to~~
 16 ~~Article 83A - Department of Business and Economic Development~~
 17 ~~Section 5-105~~
 18 ~~Annotated Code of Maryland~~
 19 ~~(1998 Replacement Volume)~~

20 BY repealing and reenacting, with amendments,
 21 Article 83A - Department of Business and Economic Development
 22 Section 5-401, 5-402, and 5-404
 23 Annotated Code of Maryland
 24 (1998 Replacement Volume)

25 BY repealing and reenacting, with amendments,
 26 Article - Tax - General
 27 Section 10-702
 28 Annotated Code of Maryland
 29 (1997 Replacement Volume and 1998 Supplement)

30 ~~BY adding to~~
 31 ~~Article - Tax - General~~
 32 ~~Section 11-108~~
 33 ~~Annotated Code of Maryland~~
 34 ~~(1997 Replacement Volume and 1998 Supplement)~~

35 BY repealing and reenacting, with amendments,
 36 Article - Tax - Property
 37 Section 9-103(a)(6)
 38 Annotated Code of Maryland
 39 (1994 Replacement Volume and 1998 Supplement)

1 BY adding to
2 Article - Tax - Property
3 Section 9-103(d)(4)
4 Annotated Code of Maryland
5 (1994 Replacement Volume and 1998 Supplement)

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

8 **Article 83A - Department of Business and Economic Development**

9 ~~5-405.~~

10 ~~THE DEPARTMENT SHALL GIVE FUNDING PREFERENCE TO BUSINESS~~
11 ~~PROJECTS LOCATED IN AN INTENSIVE CARE AREA AS DESIGNATED UNDER § 5-402 OF~~
12 ~~THIS TITLE.~~

13 5-401.

14 (a) In this subtitle the following words have the meanings indicated.

15 (b) "Area" means a geographic area within one or more political subdivisions
16 within the State described by a closed perimeter boundary.

17 (c) (1) "Business entity" means a person operating or conducting a trade or
18 business.

19 (2) Except as provided in § 9-103 of the Tax - Property Article, "business
20 entity" does not include a person owning, operating, developing, constructing, or
21 rehabilitating property intended for use primarily as single or multifamily residential
22 property located within the enterprise zone.

23 (d) "County" means a county of this State and includes the Mayor and City
24 Council of Baltimore.

25 (e) "Department" means the Department of Business and Economic
26 Development.

27 (f) "Enterprise zone" means an area:

28 (1) Meeting the requirements of § 5-403 of this subtitle and so
29 designated by the Secretary pursuant to § 5-402 of this subtitle;

30 (2) So designated by the United States government; or

31 (3) Designated as an empowerment zone by the United States
32 government pursuant to 26 U.S.C. § 1391 et seq.

1 (G) "FOCUS AREA" MEANS AN AREA MEETING THE REQUIREMENTS OF §
2 5-402(K) OF THIS SUBTITLE AND SO DESIGNATED BY THE SECRETARY PURSUANT TO
3 § 5-402 OF THIS SUBTITLE.

4 (g) (H) "Fund" means the Enterprise Zone Venture Capital Guarantee Fund.

5 ~~(H) "INTENSIVE CARE AREA" MEANS AN AREA MEETING THE REQUIREMENTS~~
6 ~~OF § 5-402(K) OF THIS SUBTITLE AND SO DESIGNATED BY THE SECRETARY PURSUANT~~
7 ~~TO § 5-402 OF THIS SUBTITLE.~~

8 [(h)] (I) "Political subdivision" means any county or municipal corporation.

9 [(i)] (J) "Secretary" means the Secretary of Business and Economic
10 Development.

11 [(j)] (K) "Submission date" means April 15 and October 15 of any calendar
12 year.

13 5-402.

14 (a) Any political subdivision may apply to the Secretary for designation of an
15 area within that political subdivision as an enterprise zone, but if a county seeks to
16 designate an area within a municipal corporation as an enterprise zone, then the
17 governing body of the municipal corporation must first consent.

18 (b) Any county may apply to the Secretary on behalf of a municipal
19 corporation, with the consent of such municipal corporation, for designation of any
20 area within that municipal corporation as an enterprise zone.

21 (c) Two or more political subdivisions may apply jointly to the Secretary for
22 designation of an area as an enterprise zone which may be located astride their
23 common boundaries.

24 (d) The application shall be in the form and manner and contain such
25 information as the Secretary may, by regulation, determine, provided that the
26 application shall:

27 (1) Contain information sufficient for the Secretary to determine if the
28 criteria established in § 5-403 have been met;

29 (2) Be submitted on behalf of the political subdivision by its chief elected
30 officer, or, if none, by the governing body of the political subdivision;

31 (3) State whether the political subdivision has examined the feasibility
32 of creating educational or training opportunities for employers and employees of
33 business entities located or to be located in the proposed enterprise zone; and

34 (4) Set forth the standards with which a business entity must comply as
35 a precondition to its receiving the incentives and initiatives set forth in this subtitle.

1 (e) Within 60 days following any submission date, the Secretary may
2 designate one or more enterprise zones from among the applications submitted to the
3 Secretary on or before that submission date, provided, however, that the Secretary
4 may not designate more than 6 enterprise zones in any 12 month period and no
5 county may receive more than 1 area designated as an enterprise zone in any
6 calendar year. The determination of the Secretary as to the areas designated
7 enterprise zones shall be final, except that, for any area not designated an enterprise
8 zone, a political subdivision may reapply at any time to the Secretary for designation
9 of that area as an enterprise zone.

10 (f) Any area that is designated an enterprise zone or an empowerment zone
11 under federal law shall automatically and without any additional action by the
12 political subdivision or the Secretary be designated an enterprise zone under this
13 section without regard to any limitation on the number of enterprise zones that may
14 be designated by the Secretary. However, the incentives and initiatives provided for in
15 this subtitle shall not be available to business entities located in an enterprise zone
16 designated under federal law unless the Secretary and the Board of Public Works
17 shall consent to the designation.

18 (g) An application by a political subdivision and the designation by the
19 Secretary of an area as an enterprise zone shall constitute the State approval that
20 may be required for designation as an enterprise zone under federal law.

21 (h) Before designating an enterprise zone, the Secretary shall consult with
22 and ask the advice of the appropriate individuals and advisors.

23 (i) (1) A political subdivision may apply to the Secretary for the expansion
24 of an existing enterprise zone in the same manner as the political subdivision would
25 apply for the designation of a new enterprise zone.

26 (2) The Secretary may grant an expansion of an enterprise zone into any
27 area that meets the requirements of § 5-403 of this subtitle.

28 (j) (1) The Secretary may grant an extraordinary expansion of an enterprise
29 zone into any area that:

30 (i) Meets the requirements of § 5-403 of this subtitle; and

31 (ii) In the determination of the Secretary, has suffered a significant
32 loss of economic base.

33 (2) The extraordinary expansion of an enterprise zone may not count
34 towards the limitations, provided under subsection (e) of this section, on the number
35 of enterprise zones that the Secretary may designate in a 12-month period or that a
36 county may receive in a calendar year.

37 (3) The Secretary may not grant more than one extraordinary expansion
38 of an enterprise zone throughout the State in any 12-month period.

1 (K) (1) A POLITICAL SUBDIVISION MAY REQUEST THE SECRETARY TO
2 DESIGNATE ALL OR PART OF AN ENTERPRISE ZONE AS ~~AN INTENSIVE CARE~~ A FOCUS
3 AREA FOR THE LESSER OF:

4 (I) 5 YEARS; OR

5 (II) THE REMAINDER OF THE 10-YEAR TERM OF THE APPLICABLE
6 ENTERPRISE ZONE.

7 (2) THE REQUEST MAY BE MADE ON OR BEFORE ANY SUBMISSION DATE
8 EITHER AT THE TIME THE POLITICAL SUBDIVISION APPLIES FOR THE DESIGNATION
9 OF A NEW ENTERPRISE ZONE OR ~~AT ANY TIME~~ AFTER AN ENTERPRISE ZONE HAS
10 BEEN DESIGNATED BY THE SECRETARY.

11 (3) THE SECRETARY MAY GRANT THE REQUEST IF:

12 (I) THE AREA IS LOCATED IN AN ENTERPRISE ZONE DESIGNATED
13 BY THE SECRETARY; AND MEETS AT LEAST THREE OF THE FOLLOWING CRITERIA:

14 (II) ~~THE AREA IS LOCATED BETWEEN INTERSTATE HIGHWAY 495~~
15 ~~AND THE DISTRICT OF COLUMBIA OR IS CONTIGUOUS TO INTERSTATE 495;~~

16 (III) ~~THE AREA IS LOCATED BETWEEN INTERSTATE HIGHWAY 695~~
17 ~~AND BALTIMORE CITY OR IS CONTIGUOUS TO INTERSTATE 695; AND~~

18 (IV) ~~THE REQUEST INCLUDES AN INTENSIVE CARE AREA~~
19 ~~STRATEGIC PLAN THAT MEETS THE REQUIREMENTS OF PARAGRAPH (4) OF THIS~~
20 ~~SUBSECTION.~~

21 (L) (1) ~~THE DEPARTMENT MAY ADOPT REGULATIONS FOR THE~~
22 ~~IMPLEMENTATION OF THIS SUBTITLE.~~

23 (2) ~~THE DEPARTMENT SHALL CONSULT WITH THE DEPARTMENT OF~~
24 ~~HOUSING AND COMMUNITY DEVELOPMENT IN PROMULGATING REGULATIONS~~
25 ~~UNDER THIS SUBTITLE.~~

26 (4) ~~AN INTENSIVE CARE AREA STRATEGIC PLAN SHALL INCLUDE:~~

27 (I) ~~A DISCUSSION OF THE BACKGROUND AND HISTORY OF THE~~
28 ~~AREA, INCLUDING A DISCUSSION OF THE AREA'S ECONOMY, GEOGRAPHY,~~
29 ~~POPULATION, LABOR FORCE, AND RESOURCES;~~

30 (II) ~~AN ANALYSIS OF THE ECONOMIC AND COMMUNITY~~
31 ~~DEVELOPMENT PROBLEMS AND OPPORTUNITIES IN THE AREA;~~

32 (III) ~~A DISCUSSION OF THE NATURE AND EXTENT OF COMMUNITY~~
33 ~~PARTICIPATION IN THE DEVELOPMENT OF THE STRATEGIC PLAN;~~

34 (IV) ~~A STATEMENT OF THE GOALS AND OBJECTIVES FOR TAKING~~
35 ~~ADVANTAGE OF THE OPPORTUNITIES IN, AND SOLVING THE ECONOMIC AND~~
36 ~~COMMUNITY DEVELOPMENT PROBLEMS OF, THE AREA;~~

1 (V) A PLAN OF ACTION FOR IMPLEMENTING THE GOALS AND
2 ~~OBJECTIVES IDENTIFIED, INCLUDING SUGGESTED PROJECTS AND A DISCUSSION OF~~
3 ~~THE NATURE OF FINANCIAL AND TECHNICAL SUPPORT FROM GOVERNMENT AND~~
4 ~~THE PRIVATE SECTOR THAT IS NEEDED TO IMPLEMENT THE GOALS AND~~
5 ~~OBJECTIVES; AND~~

6 (VI) ~~PERFORMANCE MEASURES THAT WILL BE USED TO EVALUATE~~
7 ~~WHETHER AND TO WHAT EXTENT THE PLAN'S GOALS AND OBJECTIVES ARE BEING~~
8 ~~MET.~~

9 (5) ~~PRIORITY SHALL BE GIVEN BY EACH UNIT OF STATE GOVERNMENT~~
10 ~~TO FUNDING PROJECTS THAT WOULD FURTHER THE GOALS AND OBJECTIVES~~
11 ~~IDENTIFIED IN AN INTENSIVE CARE AREA STRATEGIC PLAN.~~

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

18 (II) THE POPULATION IN THE AREA OR WITHIN A REASONABLE
19 PROXIMITY TO THE AREA BUT WITHIN THE SAME COUNTY HAS AN INCIDENCE OF
20 POVERTY THAT IS 150 PERCENT OF THE NATIONAL AVERAGE;

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

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

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

36 5-404.

37 (a) The following incentives and initiatives shall be available to business
38 entities to the extent provided for in this section:

39 (1) The special property tax credit set forth in § 9-103 of the Tax -
40 Property Article[.];

1 (2) The income tax credits set forth in § 10-702 of the Tax - General
2 Article[.];

3 ~~(3) THE SALES AND USE TAX CREDIT SET FORTH IN § 11-108 OF THE TAX~~
4 ~~GENERAL ARTICLE FOR A BUSINESS ENTITY LOCATED IN AN INTENSIVE CARE~~
5 ~~AREA;~~

6 ~~{(3)}~~ ~~(4)~~ The consideration for loans under the Maryland Industrial
7 Land Act set forth in § 5-710 of this article[.];

8 ~~{(4)}~~ ~~(5)~~ The consideration for grants and loans from the Maryland
9 Industrial and Commercial Redevelopment Fund set forth in § 5-803(c) of this
10 article[.]; AND

11 ~~{(5)}~~ ~~(6)~~ Insurance by the Enterprise Zone Venture Capital Guarantee
12 Fund established in § 5-405 of this article.

13 (b) Any business entity moving into or locating within an enterprise zone on or
14 after the date on which the enterprise zone is designated pursuant to § 5-402 of this
15 subtitle may benefit from the incentives and initiatives set forth in this section, if:

16 (1) The business entity meets the requirements and conditions of the
17 Code section applicable to each incentive or initiative;

18 (2) The business entity is certified by the respective political subdivision
19 that it is in compliance with the standards submitted by the subdivision under §
20 5-402(d)(4) of this subtitle; and

21 (3) (i) The business entity creates new or additional jobs or makes a
22 capital investment in order to qualify for the property tax credit under § 9-103 of the
23 Tax - Property Article and the income tax credits under § 10-702 of the Tax - General
24 Article; and

25 (ii) In considering whether the business entity qualifies for loans
26 and grants under the Maryland Industrial Land Act and the Maryland Industrial and
27 Commercial Redevelopment Fund and for insurance under the Enterprise Zone
28 Venture Capital Guarantee Fund, the Secretary determines that the business entity
29 will create new or additional jobs.

30 (c) Any business entity located within an enterprise zone before the date on
31 which the enterprise zone is designated pursuant to § 5-402 of this subtitle may not
32 benefit from the incentives and initiatives set forth in this section except with respect
33 to any capital investment or any expansion of its labor force occurring after the date
34 on which the enterprise zone is designated.

35 (d) Except as provided in § 10-702 of the Tax - General Article and § 9-103 of
36 the Tax - Property Article, the incentives and initiatives set forth in this section shall
37 be available for a period of 10 years following the date on which the area is designated
38 an enterprise zone pursuant to § 5-402 of this subtitle. No law hereinafter enacted
39 that eliminates or reduces the benefits available to business entities under this

1 section shall be applicable to any business entity located in an enterprise zone prior to
2 the effective date of such law.

3

Article - Tax - General

4 10-702.

5 (a) (1) In this section the following words have the meanings indicated.

6 (2) (i) "Business entity" means:

7 1. a person conducting or operating a trade or business; or

8 2. an organization that is exempt from taxation under §
9 501(c)(3) or (4) of the Internal Revenue Code.10 (ii) "Business entity" does not include a person owning, operating,
11 developing, constructing, or rehabilitating property intended for use primarily as
12 single or multifamily residential property located within the enterprise zone.13 (3) "Enterprise zone" means an area designated under Article 83A, §
14 5-402 of the Code.

15 (4) "Qualified employee" means an individual who:

16 (i) is a new employee or an employee rehired after being laid off for
17 more than one year by a business entity;18 (ii) is employed by a business entity at least 25 hours each week for
19 at least 6 months before or during the taxable year for which the entity claims a
20 credit;21 (iii) spends at least 50% of the hours under item (ii) of this
22 paragraph, either in the enterprise zone or on activities of the business entity
23 resulting directly from its location in the enterprise zone; and

24 (iv) is hired by the business entity after the later of:

25 1. the date on which the enterprise zone is designated; or

26 2. the date on which the business entity locates in the
27 enterprise zone.28 (5) "Economically disadvantaged individual" means an individual who is
29 certified by provisions that the Department of Labor, Licensing, and Regulation
30 adopts as an individual who, before becoming employed by a business entity in an
31 enterprise zone:32 (i) was both unemployed for at least 30 consecutive days and
33 qualified to participate in training activities for the economically disadvantaged
34 under Title II, Part B of the federal Job Training Partnership Act or its successor; or

1 (ii) in the absence of an applicable federal act, met the criteria for
 2 an economically disadvantaged individual that the Secretary of Labor, Licensing, and
 3 Regulation sets.

4 (6) ~~"INTENSIVE CARE FOCUS AREA"~~ HAS THE MEANING STATED IN
 5 ARTICLE 83A, § 5-401 OF THE CODE.

6 (7) "FOCUS AREA EMPLOYEE" MEANS AN INDIVIDUAL WHO:

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

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

12 (III) SPENDS AT LEAST 50 PERCENT OF THE HOURS UNDER ITEM (II)
 13 OF THIS PARAGRAPH EITHER IN THE FOCUS AREA OR ON ACTIVITIES OF THE
 14 BUSINESS ENTITY RESULTING DIRECTLY FROM ITS LOCATION IN THE FOCUS AREA;

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

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

17 OR

18 2. THE DATE ON WHICH THE BUSINESS ENTITY LOCATED IN

19 THE FOCUS AREA; AND

20 (V) EARNs AT LEAST 150 PERCENT OF THE FEDERAL MINIMUM
 21 WAGE.

22 (b) (1) Any business entity that is located in an enterprise zone and satisfies
 23 the requirements of Article 83A, § 5-404 of the Code may claim a credit only against
 24 the State income tax for the wages specified in subsections (c) and (d) of this section
 25 that are paid in the taxable year for which the entity claims the credit.

26 (2) A BUSINESS ENTITY THAT IS LOCATED IN A FOCUS AREA AND
 27 SATISFIES THE REQUIREMENTS OF ARTICLE 83A, § 5-404 OF THE CODE MAY CLAIM A
 28 CREDIT ONLY AGAINST THE STATE INCOME TAX FOR THE WAGES SPECIFIED IN
 29 SUBSECTION (E) OF THIS SECTION THAT ARE PAID TO A FOCUS AREA EMPLOYEE IN
 30 THE TAXABLE YEAR FOR WHICH THE ENTITY CLAIMS THE CREDIT.

31 ~~(2)~~ (3) An organization that is exempt from taxation under § 501(c)(3)
 32 or (4) of the Internal Revenue Code may apply the credit under this section as a credit
 33 against income tax due on unrelated business taxable income as provided under §§
 34 10-304 and 10-812 of this title.

35 (c) [For] ~~SUBJECT TO SUBSECTION (F) OF THIS SECTION~~ IF A BUSINESS
 36 ENTITY DOES NOT CLAIM AN ENHANCED TAX CREDIT UNDER SUBSECTION (E) OF
 37 THIS SECTION FOR A FOCUS AREA EMPLOYEE, FOR the taxable year in which a

1 business entity satisfies the requirements of Article 83A, § 5-404 of the Code, a credit
2 is allowed that equals:

3 (1) up to \$1,500 of the wages paid to each qualified employee who:

4 (i) is an economically disadvantaged individual; and

5 (ii) is not hired to replace an individual whom the business entity
6 employed in that or any of the 3 preceding taxable years; and

7 (2) up to \$500 of the wages paid to each qualified employee who:

8 (i) is not an economically disadvantaged individual; and

9 (ii) is not hired to replace an individual whom the business entity
10 employed in that or any of the 3 preceding taxable years.

11 (d) (1) ~~[For] SUBJECT TO SUBSECTION (F) OF THIS SECTION IF A BUSINESS~~
12 ~~ENTITY DOES NOT CLAIM AN ENHANCED TAX CREDIT UNDER SUBSECTION (E) OF~~
13 ~~THIS SECTION FOR A FOCUS AREA EMPLOYEE~~, FOR each taxable year after the
14 taxable year described in subsection (c) of this section, while the area is designated an
15 enterprise zone, a credit is allowed that equals:

16 (i) up to \$1,500 of the wages paid to each qualified employee who:

17 1. is an economically disadvantaged individual;

18 2. became a qualified employee during the taxable year to
19 which the credit applies; and

20 3. is not hired to replace an individual whom the business
21 entity employed in that or any of the 3 preceding taxable years;

22 (ii) up to \$1,000 of the wages paid to each qualified employee who is
23 an economically disadvantaged individual, if the business entity received a credit
24 under subsection (c)(1) of this section for the qualified employee in the immediately
25 preceding taxable year; and

26 (iii) up to \$500 of the wages paid to each qualified employee who is
27 not hired to replace an individual whom the business entity employed in that or any
28 of the 3 preceding taxable years if the qualified employee:

29 1. is an economically disadvantaged individual for whom the
30 business entity received a credit under subsection (c)(1) of this section or item (i) of
31 this paragraph and a credit under item (ii) of this paragraph in the 2 immediately
32 preceding taxable years; or

33 2. is not an economically disadvantaged individual but
34 became a qualified employee during the taxable year to which the credit applies.

1 (2) A business entity that hires a qualified employee to replace another
2 qualified employee for whom the business entity received a credit under subsection
3 (c)(1) of this section and paragraph (1)(ii) of this subsection in the immediately
4 preceding taxable year may treat the new qualified employee as the replacement for
5 the other qualified employee to determine any credit that may be available to the
6 business entity under paragraph (1)(ii) or (iii) of this subsection.

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

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

12 1. IS AN ECONOMICALLY DISADVANTAGED INDIVIDUAL; AND

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

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

18 1. IS NOT AN ECONOMICALLY DISADVANTAGED INDIVIDUAL;
19 AND

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

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

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

28 1. IS AN ECONOMICALLY DISADVANTAGED INDIVIDUAL;

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

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

34 (II) UP TO \$2,000 OF THE WAGES PAID TO EACH FOCUS AREA
35 EMPLOYEE WHO IS AN ECONOMICALLY DISADVANTAGED INDIVIDUAL, IF THE
36 BUSINESS ENTITY RECEIVED A CREDIT UNDER PARAGRAPH (1)(I) OF THIS

1 SUBSECTION FOR THE FOCUS AREA EMPLOYEE IN THE IMMEDIATELY PRECEDING
 2 TAXABLE YEAR; AND

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

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

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

11 B. ITEM (I) OF THIS PARAGRAPH; OR

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

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

23 (e) (F) ~~[I] SUBJECT TO SUBSECTION (F) OF THIS SECTION, IF~~ the credit
 24 allowed under this section in any taxable year exceeds the State income tax for that
 25 taxable year, a business entity may apply the excess as a credit against the State
 26 income tax for succeeding taxable years until the earlier of:

27 (1) the full amount of the excess is used; or

28 (2) the expiration of the 5th taxable year from the date on which the
 29 business entity hired the qualified employee to whom the credit first applies.

30 (F) ~~FOR A BUSINESS ENTITY THAT IS LOCATED IN AN INTENSIVE CARE AREA:~~

31 (1) ~~FOR EACH QUALIFIED EMPLOYEE WHO RESIDES IN THE ENTERPRISE~~
 32 ~~ZONE WHERE THE BUSINESS IS LOCATED, THE MAXIMUM WAGES SPECIFIED IN~~
 33 ~~SUBSECTIONS (C)(1) AND (2) AND (D)(1)(I), (II), AND (III) OF THIS SECTION, FOR WHICH~~
 34 ~~THE CREDIT UNDER THIS SECTION IS ALLOWABLE, SHALL BE DOUBLED; AND~~

35 (2) ~~IF THE CREDIT ALLOWED UNDER THIS SECTION IN ANY TAXABLE~~
 36 ~~YEAR EXCEEDS THE STATE INCOME TAX FOR THAT TAXABLE YEAR, CALCULATED~~
 37 ~~BEFORE THE APPLICATION OF THE CREDITS ALLOWED UNDER THIS SECTION AND §§~~
 38 ~~10-701 AND 10-701.1 BUT AFTER THE APPLICATION OF ANY OTHER CREDITS~~

1 ~~ALLOWED UNDER THIS SUBTITLE, THE EXCESS OF THE CREDIT SHALL BE~~
 2 ~~REFUNDED.~~

3 [(f)] (G) If a credit is claimed under this section, the claimant must make the
 4 addition required in § 10-205, § 10-206, or § 10-306 of this title.

5 ~~11-108.~~

6 (A) ~~A PERSON MAY CLAIM A CREDIT AGAINST THE SALES AND USE TAX THAT~~
 7 ~~THE PERSON IS REQUIRED TO PAY TO THE COMPTROLLER IN AN AMOUNT EQUAL TO~~
 8 ~~THE SALES AND USE TAX THAT THE PERSON PAYS ON THE SALE OF TANGIBLE~~
 9 ~~PERSONAL PROPERTY PURCHASED FOR USE IN CONSTRUCTING, EXPANDING, OR~~
 10 ~~REHABILITATING INDUSTRIAL OR COMMERCIAL REAL PROPERTY LOCATED IN AN~~
 11 ~~AREA DESIGNATED AS AN INTENSIVE CARE AREA UNDER ARTICLE 83A, § 5-402 OF~~
 12 ~~THE CODE, TO THE EXTENT THE TANGIBLE PERSONAL PROPERTY BECOMES AN~~
 13 ~~INTEGRAL COMPONENT PART OF THE REAL PROPERTY.~~

14 (B) (1) ~~EXCEPT AS PROVIDED IN SUBSECTION (C) OF THIS SECTION, A~~
 15 ~~PERSON SHALL CLAIM THE CREDIT UNDER THIS SECTION ON THE PERSON'S SALES~~
 16 ~~AND USE TAX RETURN WITHIN 4 YEARS AFTER THE DUE DATE OF THE SALES AND~~
 17 ~~USE TAX RETURN FOR THE PERIOD DURING WHICH THE SALES AND USE TAX ON THE~~
 18 ~~PURCHASE WAS PAID.~~

19 (2) ~~A CLAIM FOR A CREDIT UNDER THIS SECTION SHALL BE MADE IN~~
 20 ~~THE MANNER THAT THE COMPTROLLER REQUIRES BY REGULATION.~~

21 (C) ~~THE COMPTROLLER BY REGULATION SHALL PROVIDE FOR REFUNDS IN~~
 22 ~~LIEU OF THE CREDIT ALLOWED UNDER THIS SECTION FOR PERSONS WHOSE ANNUAL~~
 23 ~~SALES AND USE TAX PAYMENTS TO THE COMPTROLLER ARE INSUFFICIENT TO USE~~
 24 ~~THE FULL AMOUNT OF THE CREDIT WITHIN 1 YEAR.~~

25 **Article - Tax - Property**

26 9-103.

27 (a) (6) (I) "Qualified property" means real property that is:

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

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

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

33 (II) "QUALIFIED PROPERTY" INCLUDES PERSONAL PROPERTY ON
 34 OR REAL PROPERTY THAT IS LOCATED IN A FOCUS AREA AS DEFINED IN ARTICLE
 35 83A, § 5-401 OF THE CODE.

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

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

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

22 SECTION 2. ~~4.~~ 3. AND BE IT FURTHER ENACTED, That the changes to §
23 10-702 of the Tax - General Article under this Act shall be applicable to all taxable
24 years beginning after December 31, 1998.

25 SECTION 3. ~~5.~~ 4. AND BE IT FURTHER ENACTED, That this Act shall take
26 effect October 1, 1999.