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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~~
14 ~~Department to consult with the Department of Business and Economic~~
15 ~~Development with respect to certain regulations; altering the calculation of a~~
16 ~~certain State income tax credit allowed for certain wages paid by certain~~
17 ~~business entities located in certain areas of certain designated enterprise zones~~
18 ~~under certain circumstances; making the credit refundable under certain~~
19 ~~circumstances; providing a credit against the sales and use tax for certain sales~~
20 ~~and use tax paid on certain tangible personal property that becomes an integral~~
21 ~~part of certain real property located in certain designated areas; requiring the~~
22 ~~Comptroller to provide by regulation for refunds in lieu of the sales and use tax~~
23 ~~credit under certain circumstances~~ altering the calculation and application of a

1 certain property tax credit; defining a certain ~~term~~ terms; providing for the
2 application of this Act; providing for the creation of certain task forces; and
3 generally relating to enterprise zones and ~~intensive care~~ focus areas.

4 ~~BY adding to~~

5 ~~Article 83A - Department of Business and Economic Development~~
6 ~~Section 5-105~~
7 ~~Annotated Code of Maryland~~
8 ~~(1998 Replacement Volume)~~

9 BY repealing and reenacting, with amendments,

10 Article 83A - Department of Business and Economic Development
11 Section 5-401, 5-402, and 5-404
12 Annotated Code of Maryland
13 (1998 Replacement Volume)

14 BY repealing and reenacting, with amendments,

15 Article - Tax - General
16 Section 10-702
17 Annotated Code of Maryland
18 (1997 Replacement Volume and 1998 Supplement)

19 ~~BY adding to~~

20 ~~Article - Tax - General~~
21 ~~Section 11-108~~
22 ~~Annotated Code of Maryland~~
23 ~~(1997 Replacement Volume and 1998 Supplement)~~

24 BY repealing and reenacting, with amendments,

25 Article - Tax - Property
26 Section 9-103(a)(6)
27 Annotated Code of Maryland
28 (1994 Replacement Volume and 1998 Supplement)

29 BY adding to

30 Article - Tax - Property
31 Section 9-103(d)(4)
32 Annotated Code of Maryland
33 (1994 Replacement Volume and 1998 Supplement)

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

Article 83A - Department of Business and Economic Development

2 ~~5-105.~~

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

6 5-401.

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

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

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

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

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

18 (e) "Department" means the Department of Business and Economic
19 Development.

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

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

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

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

26 (G) "FOCUS AREA" MEANS AN AREA MEETING THE REQUIREMENTS OF §
27 5-402(K) OF THIS SUBTITLE AND SO DESIGNATED BY THE SECRETARY PURSUANT TO
28 § 5-402 OF THIS SUBTITLE.

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

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

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

1 (i) (J) "Secretary" means the Secretary of Business and Economic
2 Development.

3 (j) (K) "Submission date" means April 15 and October 15 of any calendar
4 year.

5 5-402.

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

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

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

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

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

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

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

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

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

37 (f) Any area that is designated an enterprise zone or an empowerment zone
38 under federal law shall automatically and without any additional action by the

1 political subdivision or the Secretary be designated an enterprise zone under this
2 section without regard to any limitation on the number of enterprise zones that may
3 be designated by the Secretary. However, the incentives and initiatives provided for in
4 this subtitle shall not be available to business entities located in an enterprise zone
5 designated under federal law unless the Secretary and the Board of Public Works
6 shall consent to the designation.

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

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

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

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

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

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

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

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

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

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

31 (I) 5 YEARS; OR

32 (II) THE REMAINDER OF THE 10-YEAR TERM OF THE APPLICABLE
33 ENTERPRISE ZONE.

34 (2) THE REQUEST MAY BE MADE ON OR BEFORE ANY SUBMISSION DATE
35 EITHER AT THE TIME THE POLITICAL SUBDIVISION APPLIES FOR THE DESIGNATION
36 OF A NEW ENTERPRISE ZONE OR AT ANY TIME AFTER AN ENTERPRISE ZONE HAS
37 BEEN DESIGNATED BY THE SECRETARY.

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

2 (4) THE AREA IS LOCATED IN AN ENTERPRISE ZONE DESIGNATED
3 BY THE SECRETARY; AND MEETS AT LEAST THREE OF THE FOLLOWING CRITERIA:

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

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

8 (IV) ~~THE REQUEST INCLUDES AN INTENSIVE CARE AREA~~
9 ~~STRATEGIC PLAN THAT MEETS THE REQUIREMENTS OF PARAGRAPH (4) OF THIS~~
10 ~~SUBSECTION.~~

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

13 (2) ~~THE DEPARTMENT SHALL CONSULT WITH THE DEPARTMENT OF~~
14 ~~HOUSING AND COMMUNITY DEVELOPMENT IN PROMULGATING REGULATIONS~~
15 ~~UNDER THIS SUBTITLE.~~

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

17 (4) ~~A DISCUSSION OF THE BACKGROUND AND HISTORY OF THE~~
18 ~~AREA, INCLUDING A DISCUSSION OF THE AREA'S ECONOMY, GEOGRAPHY,~~
19 ~~POPULATION, LABOR FORCE, AND RESOURCES;~~

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

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

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

27 (V) ~~A PLAN OF ACTION FOR IMPLEMENTING THE GOALS AND~~
28 ~~OBJECTIVES IDENTIFIED, INCLUDING SUGGESTED PROJECTS AND A DISCUSSION OF~~
29 ~~THE NATURE OF FINANCIAL AND TECHNICAL SUPPORT FROM GOVERNMENT AND~~
30 ~~THE PRIVATE SECTOR THAT IS NEEDED TO IMPLEMENT THE GOALS AND~~
31 ~~OBJECTIVES; AND~~

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

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

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

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

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

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

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

28 5-404.

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

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

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

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

38 {(3)} (4) The consideration for loans under the Maryland Industrial
39 Land Act set forth in § 5-710 of this article[.];

- 1 1. a person conducting or operating a trade or business; or
- 2 2. an organization that is exempt from taxation under §
- 3 501(c)(3) or (4) of the Internal Revenue Code.
- 4 (ii) "Business entity" does not include a person owning, operating,
- 5 developing, constructing, or rehabilitating property intended for use primarily as
- 6 single or multifamily residential property located within the enterprise zone.
- 7 (3) "Enterprise zone" means an area designated under Article 83A, §
- 8 5-402 of the Code.
- 9 (4) "Qualified employee" means an individual who:
- 10 (i) is a new employee or an employee rehired after being laid off for
- 11 more than one year by a business entity;
- 12 (ii) is employed by a business entity at least 25 hours each week for
- 13 at least 6 months before or during the taxable year for which the entity claims a
- 14 credit;
- 15 (iii) spends at least 50% of the hours under item (ii) of this
- 16 paragraph, either in the enterprise zone or on activities of the business entity
- 17 resulting directly from its location in the enterprise zone; and
- 18 (iv) is hired by the business entity after the later of:
- 19 1. the date on which the enterprise zone is designated; or
- 20 2. the date on which the business entity locates in the
- 21 enterprise zone.
- 22 (5) "Economically disadvantaged individual" means an individual who is
- 23 certified by provisions that the Department of Labor, Licensing, and Regulation
- 24 adopts as an individual who, before becoming employed by a business entity in an
- 25 enterprise zone:
- 26 (i) was both unemployed for at least 30 consecutive days and
- 27 qualified to participate in training activities for the economically disadvantaged
- 28 under Title II, Part B of the federal Job Training Partnership Act or its successor; or
- 29 (ii) in the absence of an applicable federal act, met the criteria for
- 30 an economically disadvantaged individual that the Secretary of Labor, Licensing, and
- 31 Regulation sets.
- 32 (6) ~~"INTENSIVE CARE "~~"FOCUS AREA" HAS THE MEANING STATED IN
- 33 ARTICLE 83A, § 5-401 OF THE CODE.
- 34 (7) "FOCUS AREA EMPLOYEE" MEANS AN INDIVIDUAL WHO:

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

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

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

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

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

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

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

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

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

25 ~~(2)~~ (3) An organization that is exempt from taxation under § 501(c)(3)
 26 or (4) of the Internal Revenue Code may apply the credit under this section as a credit
 27 against income tax due on unrelated business taxable income as provided under §§
 28 10-304 and 10-812 of this title.

29 (c) ~~[For] SUBJECT TO SUBSECTION (F) OF THIS SECTION IF A BUSINESS~~
 30 ~~ENTITY DOES NOT CLAIM AN ENHANCED TAX CREDIT UNDER SUBSECTION (E) OF~~
 31 ~~THIS SECTION FOR A FOCUS AREA EMPLOYEE, FOR the taxable year in which a~~
 32 ~~business entity satisfies the requirements of Article 83A, § 5-404 of the Code, a credit~~
 33 ~~is allowed that equals:~~

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

35 (i) is an economically disadvantaged individual; and

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

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

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

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

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

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

11 1. is an economically disadvantaged individual;

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

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

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

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

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

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

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

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

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

2 EMPLOYEE WHO:

3 1. IS AN ECONOMICALLY DISADVANTAGED INDIVIDUAL; AND

4 2. IS NOT HIRED TO REPLACE AN INDIVIDUAL WHOM THE

5 BUSINESS ENTITY EMPLOYED IN THAT YEAR OR ANY OF THE 3 PRECEDING TAXABLE

6 YEARS; AND

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

8 EMPLOYEE WHO:

9 1. IS NOT AN ECONOMICALLY DISADVANTAGED INDIVIDUAL;

10 AND

11 2. IS NOT HIRED TO REPLACE AN INDIVIDUAL WHOM THE

12 BUSINESS ENTITY EMPLOYED IN THAT YEAR OR ANY OF THE 3 PRECEDING TAXABLE

13 YEARS.

14 (2) FOR EACH TAXABLE YEAR AFTER THE TAXABLE YEAR DESCRIBED IN

15 PARAGRAPH (1) OF THIS SUBSECTION, WHILE THE AREA IS DESIGNATED A FOCUS

16 AREA, A CREDIT IS ALLOWED THAT EQUALS:

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

18 EMPLOYEE WHO:

19 1. IS AN ECONOMICALLY DISADVANTAGED INDIVIDUAL;

20 2. BECAME A FOCUS AREA EMPLOYEE DURING THE

21 TAXABLE YEAR TO WHICH THE CREDIT APPLIES; AND

22 3. IS NOT HIRED TO REPLACE AN INDIVIDUAL WHOM THE

23 BUSINESS ENTITY EMPLOYED IN THAT YEAR OR ANY OF THE 3 PRECEDING TAXABLE

24 YEARS;

25 (II) UP TO \$2,000 OF THE WAGES PAID TO EACH FOCUS AREA

26 EMPLOYEE WHO IS AN ECONOMICALLY DISADVANTAGED INDIVIDUAL, IF THE

27 BUSINESS ENTITY RECEIVED A CREDIT UNDER PARAGRAPH (1)(I) OF THIS

28 SUBSECTION FOR THE FOCUS AREA EMPLOYEE IN THE IMMEDIATELY PRECEDING

29 TAXABLE YEAR; AND

30 (III) UP TO \$1,000 OF THE WAGES PAID TO EACH FOCUS AREA

31 EMPLOYEE WHO IS NOT HIRED TO REPLACE AN INDIVIDUAL WHOM THE BUSINESS

32 ENTITY EMPLOYED IN THAT YEAR OR ANY OF THE 3 PRECEDING TAXABLE YEARS IF

33 THE FOCUS AREA EMPLOYEE:

34 1. IS AN ECONOMICALLY DISADVANTAGED INDIVIDUAL FOR

35 WHOM THE BUSINESS ENTITY RECEIVED A CREDIT UNDER ITEM (II) OF THIS

36 PARAGRAPH IN THE 2 IMMEDIATELY PRECEDING TAXABLE YEARS AND UNDER:

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

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

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

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

14 ~~(e)~~ (F) ~~IF SUBJECT TO SUBSECTION (F) OF THIS SECTION, IF~~ the credit
15 allowed under this section in any taxable year exceeds the State income tax for that
16 taxable year, a business entity may apply the excess as a credit against the State
17 income tax for succeeding taxable years until the earlier of:

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

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

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

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

26 ~~(2) IF THE CREDIT ALLOWED UNDER THIS SECTION IN ANY TAXABLE~~
27 ~~YEAR EXCEEDS THE STATE INCOME TAX FOR THAT TAXABLE YEAR, CALCULATED~~
28 ~~BEFORE THE APPLICATION OF THE CREDITS ALLOWED UNDER THIS SECTION AND §§~~
29 ~~10-701 AND 10-701.1 BUT AFTER THE APPLICATION OF ANY OTHER CREDITS~~
30 ~~ALLOWED UNDER THIS SUBTITLE, THE EXCESS OF THE CREDIT SHALL BE~~
31 ~~REFUNDED.~~

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

34 11-108.

35 (A) A PERSON MAY CLAIM A CREDIT AGAINST THE SALES AND USE TAX THAT
36 THE PERSON IS REQUIRED TO PAY TO THE COMPTROLLER IN AN AMOUNT EQUAL TO
37 THE SALES AND USE TAX THAT THE PERSON PAYS ON THE SALE OF TANGIBLE
38 PERSONAL PROPERTY PURCHASED FOR USE IN CONSTRUCTING, EXPANDING, OR

1 REHABILITATING INDUSTRIAL OR COMMERCIAL REAL PROPERTY LOCATED IN AN
 2 AREA DESIGNATED AS AN INTENSIVE CARE AREA UNDER ARTICLE 83A, § 5-402 OF
 3 THE CODE, TO THE EXTENT THE TANGIBLE PERSONAL PROPERTY BECOMES AN
 4 INTEGRAL COMPONENT PART OF THE REAL PROPERTY.

5 (B) (1) EXCEPT AS PROVIDED IN SUBSECTION (C) OF THIS SECTION, A
 6 PERSON SHALL CLAIM THE CREDIT UNDER THIS SECTION ON THE PERSON'S SALES
 7 AND USE TAX RETURN WITHIN 4 YEARS AFTER THE DUE DATE OF THE SALES AND
 8 USE TAX RETURN FOR THE PERIOD DURING WHICH THE SALES AND USE TAX ON THE
 9 PURCHASE WAS PAID.

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

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

16 **Article - Tax - Property**

17 9-103.

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

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

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

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

24 (II) "QUALIFIED PROPERTY" INCLUDES PERSONAL PROPERTY ON
 25 REAL PROPERTY THAT IS LOCATED IN A FOCUS AREA AS DEFINED IN ARTICLE 83A, §
 26 5-401 OF THE CODE.

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

33 SECTION 2. AND IT BE FURTHER ENACTED, That the Governor shall
 34 establish a task force composed of representatives of the Department of Business and
 35 Economic Development and other State and local agencies with an interest in the
 36 effective operation of the State's Enterprise Zone program to study the effectiveness of
 37 the program and how it compares to the programs of other states and to report its

1 findings to the Governor and, in accordance with § 2-1246 of the State Government
2 Article, the General Assembly on or before December 1, 1999.

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

11 SECTION ~~2.~~ 4. AND BE IT FURTHER ENACTED, That the changes to §
12 10-702 of the Tax - General Article under this Act shall be applicable to all taxable
13 years beginning after December 31, 1998.

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