
By: **Delegate Hixson (Montgomery County Administration) and Delegates
Kopp, Goldwater, and Hurson**

Introduced and read first time: February 26, 1999
Assigned to: Rules and Executive Nominations
Re-referred to: Ways and Means, March 4, 1999

Committee Report: Favorable with amendments
House action: Adopted
Read second time: March 24, 1999

CHAPTER _____

1 AN ACT concerning

2 **Tax Credits - New or Expanded Business Premises**

3 FOR the purpose of clarifying the process by which counties and municipal
4 corporations elect to allow certain business entities to qualify for certain tax
5 credits; clarifying that certain premises must be newly constructed to qualify for
6 a tax credit; providing for notice and certification procedures; providing for a
7 limited time in which the credits must be earned; providing that the affiliates of
8 certain business entities are included for certain purposes relating to qualifying
9 for and claiming certain enhanced property tax credits for certain new or
10 expanded business premises and certain newly renovated premises under
11 certain circumstances; eliminating a prohibition against granting the credits to
12 a business entity that has been certified for a certain other tax credit; providing
13 for the calculation of enhanced property tax credits allowed for certain business
14 entities, including their affiliates, that satisfy certain requirements; providing
15 that additional requirements must be met for business entities, including their
16 affiliates, to qualify for the enhanced property tax credit; revising certain tax
17 credit recapture provisions; ~~altering~~ clarifying a requirement that a lessor of
18 real property eligible for certain tax credits make certain reductions under a
19 lease agreement under certain circumstances; providing for the continuing
20 eligibility of a business entity that has qualified for certain tax credits for the
21 tax credits for their full scheduled terms even if this Act is repealed, amended or
22 abrogated; repealing certain termination provisions applicable to certain tax
23 credits; providing for the applicability of this Act; providing for the effect of
24 certain notification regarding certain actions taken before the effective date of
25 this Act; defining certain terms; altering and deleting certain definitions; and
26 generally relating to certain property tax and State tax credits granted to

1 certain business entities that construct or expand certain new or expanded
2 business premises under certain circumstances.

3 BY repealing and reenacting, with amendments,

4 Article - Insurance

5 Section 6-116

6 Annotated Code of Maryland

7 (1997 Volume and 1998 Supplement)

8 BY repealing and reenacting, with amendments,

9 Article - Tax - General

10 Section 8-217, 8-414, and 10-704.8

11 Annotated Code of Maryland

12 (1997 Replacement Volume and 1998 Supplement)

13 BY repealing and reenacting, with amendments,

14 Article - Tax - Property

15 Section 9-230

16 Annotated Code of Maryland

17 (1994 Replacement Volume and 1998 Supplement)

18 BY repealing and reenacting, with amendments,

19 Chapter 623 of the Acts of the General Assembly of 1997, as amended by

20 Chapter 623 of the Acts of the General Assembly of 1998

21 Section 2 and 3

22 BY repealing and reenacting, with amendments,

23 Chapter 624 of the Acts of the General Assembly of 1997, as amended by

24 Chapter 623 of the Acts of the General Assembly of 1998

25 Section 2 and 3

26 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF

27 MARYLAND, That the Laws of Maryland read as follows:

28 **Article - Insurance**

29 6-116.

30 An insurer may claim a State tax credit against the premium tax payable under

31 this subtitle [for new or expanded business premises] as provided under §

32 9-230(f)(1) of the Tax - Property Article.

1 **Article - Tax - General**

2 8-217.

3 A financial institution may claim a State tax credit against the financial
4 institution franchise tax payable under this subtitle [for new or expanded business
5 premises] as provided under § 9-230(f)(1) of the Tax - Property Article.

6 8-414.

7 A public service company may claim a State tax credit against the public service
8 company franchise tax payable under this subtitle [for new or expanded business
9 premises] as provided under § 9-230(f)(1) of the Tax - Property Article.

10 10-704.8.

11 An individual or a corporation may claim a State tax credit against the income
12 tax [for new or expanded business premises] as provided under § 9-230(f)(1) of the
13 Tax - Property Article.

14 **Article - Tax - Property**

15 9-230.

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

17 (2) "AFFILIATE" MEANS A PERSON:

18 (I) THAT DIRECTLY OR INDIRECTLY OWNS AT LEAST 80% OF A
19 BUSINESS ENTITY; OR

20 (II) 80% OF WHICH IS OWNED, DIRECTLY OR INDIRECTLY, BY A
21 BUSINESS ENTITY.

22 [(2)] (3) "Business entity" means a person conducting a trade or
23 business in the State, that is subject to the State individual or corporate income tax,
24 insurance premiums tax, financial institution franchise tax, or public service
25 company franchise tax.

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

28 [(3)] (5) (i) "New permanent full-time position" means a position that
29 is:

30 1. a full-time position of indefinite duration;

31 2. located in Maryland;

32 3. newly created, as a result of the establishment or
33 expansion of a business facility in the State; and

1 4. filled.

2 (ii) "New permanent full-time position" does not include a position
3 that is:

4 1. created when an employment function is shifted from an
5 existing business facility of the business entity OR ITS AFFILIATES located in
6 Maryland to another business facility of the same business entity OR ITS AFFILIATES,
7 if the position does not represent a net new job in the State;

8 2. created through a change in ownership of a trade or
9 business;

10 3. created through a consolidation, merger, or restructuring
11 of a business entity OR ITS AFFILIATES, if the position does not represent a net new
12 job in the State;

13 4. created when an employment function is contractually
14 shifted from an existing business entity OR ITS AFFILIATES, located in the State to
15 another business entity OR ITS AFFILIATES, if the position does not represent a net
16 new job in the State; or

17 5. filled for a period of less than 12 months.

18 [(4)] (6) "New or expanded premises" means real property, including a
19 building or part of a building that has not been previously occupied, where a business
20 entity [locates] OR ITS AFFILIATES LOCATE to conduct [its] business.

21 [(5)] "Assessed value" is the value of real property as determined by the
22 Department to which a county or municipal corporation property tax rate may be
23 applied.]

24 (7) "NOTIFICATION DATE" MEANS THE DATE ON WHICH THE BUSINESS
25 ENTITY PROVIDES WRITTEN NOTICE TO THE COUNTY OR MUNICIPAL CORPORATION
26 AS REQUIRED UNDER SUBSECTION (B)(6) OF THIS SECTION.

27 (b) (1) The Mayor and City Council of Baltimore City or the governing body
28 of a county or of a municipal corporation may ENACT LEGISLATION NECESSARY TO
29 grant[, by law,] EITHER [a] property tax [credit] CREDITS, ENHANCED PROPERTY
30 TAX CREDITS, OR BOTH TYPES OF PROPERTY TAX CREDITS against the county or
31 municipal corporation property tax imposed on real property owned or leased by [a]
32 business [entity] ENTITIES that [meets] MEET the requirements specified FOR THE
33 APPLICABLE TAX CREDIT under [subsection (c)(1) and (2) of] this section and on
34 personal property owned by [that] business [entity] ENTITIES that [meets] MEET
35 the requirements specified under [subsection (d) of] this section.

36 (2) (I) If a property tax credit ~~OR ENHANCED PROPERTY TAX CREDIT~~
37 is granted under {paragraph (1) of this subsection} ~~THIS SECTION~~, a business entity
38 that meets the requirements FOR THE ~~PROPERTY TAX CREDIT OR ENHANCED~~
39 ~~PROPERTY TAX CREDIT UNDER~~ [specified under subsection (c)(3) of] this section AND

1 OBTAINS CERTIFICATION FROM THE COUNTY OR MUNICIPAL CORPORATION may
 2 claim a State tax credit against the individual or corporate income tax, insurance
 3 premiums tax, financial institution franchise tax, or public service company franchise
 4 tax as provided under [subsection (f)] ~~SUBSECTIONS SUBSECTION(C)(3) AND (D)(4)~~ of
 5 this section.

6 (II) IF AN ENHANCED PROPERTY TAX CREDIT IS GRANTED UNDER
 7 THIS SECTION AND A BUSINESS ENTITY AND ITS AFFILIATES MEET THE
 8 REQUIREMENTS FOR THE ENHANCED PROPERTY TAX CREDIT AND OBTAIN
 9 CERTIFICATION FROM THE COUNTY OR MUNICIPAL CORPORATION, THE BUSINESS
 10 ENTITY OR ANY OF ITS AFFILIATES MAY CLAIM A STATE TAX CREDIT AGAINST THE
 11 INDIVIDUAL OR CORPORATE INCOME TAX, INSURANCE PREMIUMS TAX, FINANCIAL
 12 INSTITUTION FRANCHISE TAX, OR PUBLIC SERVICE COMPANY FRANCHISE TAX AS
 13 PROVIDED UNDER SUBSECTION (D)(4) OF THIS SECTION.

14 [(c) (1) To qualify for a tax credit under this section, a business entity shall:

15 (i) construct or expand by at least 5,000 square feet the premises
 16 on which it conducts its business, through purchasing or constructing new premises
 17 or by leasing new premises; and

18 (ii) employ at least 25 individuals in new permanent full-time
 19 positions in the new or expanded premises.

20 (2)] (3) A tax credit may not be granted under this section if:

21 (i) the business entity [has] OR ANY OF ITS AFFILIATES HAVE
 22 moved [its] THEIR operations from one [political subdivision] COUNTY in the State
 23 to THE NEW OR EXPANDED PREMISES IN another; OR

24 (ii) the new or expanded premises has otherwise been granted a tax
 25 credit or exemption under this article for the taxable year[; or

26 (iii) the business entity has been certified for a tax credit under
 27 Article 83A, § 5-1102 of the Code].

28 [(3)] (4) [In addition to the requirements under paragraphs (1) and (2)
 29 of this subsection, to] TO qualify for a tax credit under this section, the new or
 30 expanded premises must be located in a priority funding area as designated in Title 5,
 31 Subtitle 7B of the State Finance and Procurement Article.

32 [(d)] (5) To qualify for a property tax credit under this section against
 33 property tax imposed on personal property a business entity shall certify that the
 34 personal property is located on the new or expanded premises that qualify for a
 35 PROPERTY tax credit OR ENHANCED PROPERTY TAX CREDIT under [subsection (c) of]
 36 this section.

37 (6) TO QUALIFY FOR A TAX CREDIT UNDER THIS SECTION, BEFORE IT
 38 OBTAINS THE NEW OR EXPANDED PREMISES OR HIRES EMPLOYEES TO FILL THE
 39 NEW PERMANENT FULL-TIME POSITIONS AT THE NEW OR EXPANDED PREMISES, A

1 BUSINESS ENTITY SHALL PROVIDE WRITTEN NOTIFICATION TO THE COUNTY OR
2 MUNICIPAL CORPORATION IN WHICH THE NEW OR EXPANDED PREMISES ARE
3 LOCATED:

4 (I) THAT IT INTENDS TO CLAIM THE PROPERTY TAX CREDIT OR
5 ENHANCED PROPERTY TAX CREDIT;

6 (II) IF IT INTENDS TO CLAIM THE ENHANCED PROPERTY TAX
7 CREDIT, HOW IT EXPECTS TO MEET THE REQUIREMENTS TO QUALIFY FOR THE
8 ENHANCED PROPERTY TAX CREDIT; AND

9 (III) WHEN IT EXPECTS TO OBTAIN THE NEW OR EXPANDED
10 PREMISES AND HIRE THE REQUIRED NUMBER OF EMPLOYEES IN THE NEW
11 PERMANENT FULL-TIME POSITIONS.

12 (7) IF A BUSINESS ENTITY MEETS THE REQUIREMENTS FOR A TAX
13 CREDIT UNDER THIS SECTION, THE COUNTY OR MUNICIPAL CORPORATION SHALL
14 CERTIFY TO THE DEPARTMENT AND THE DEPARTMENT OF BUSINESS AND
15 ECONOMIC DEVELOPMENT THAT THE BUSINESS ENTITY HAS MET THE
16 REQUIREMENTS FOR THE TAX CREDIT FOR THE TAXABLE YEAR THAT FOLLOWS THE
17 DATE ON WHICH IT MET THE REQUIREMENTS.

18 (C) (1) TO QUALIFY FOR A PROPERTY TAX CREDIT UNDER THIS
19 SUBSECTION, A BUSINESS ENTITY SHALL:

20 (I) OBTAIN AT LEAST 5,000 SQUARE FEET OF NEW OR EXPANDED
21 PREMISES BY PURCHASING NEWLY CONSTRUCTED PREMISES, CONSTRUCTING NEW
22 PREMISES, OR LEASING NEWLY CONSTRUCTED PREMISES; AND

23 (II) EMPLOY AT LEAST 25 INDIVIDUALS IN NEW PERMANENT
24 FULL-TIME POSITIONS DURING A 24-MONTH PERIOD, DURING WHICH PERIOD THE
25 BUSINESS ENTITY MUST ALSO OBTAIN AND OCCUPY THE NEW OR EXPANDED
26 PREMISES.

27 [(e) (1)](2) [The governing body of] IF A BUSINESS ENTITY MEETS THE
28 REQUIREMENTS OF PARAGRAPH (1) OF THIS SUBSECTION AND SUBSECTION (B) OF
29 THIS SECTION AND OF ~~ANY~~ APPLICABLE LOCAL LAW ADOPTED UNDER SUBSECTION
30 (B)(1) OF THIS SECTION, the county or municipal corporation shall compute the
31 amount of the property tax credit granted under THIS subsection [(b)(1) of this
32 section] for new or expanded premises and the personal property located on those
33 premises that may be claimed against the county or municipal corporation property
34 taxes that would otherwise be due to equal a percentage of the amount of property tax
35 imposed on the [assessed value] ASSESSMENT of the new or expanded premises, as
36 follows:

37 (i) 52% for the 1st and 2nd taxable years;

38 (ii) 39% in the 3rd and 4th taxable years;

39 (iii) 26% in the 5th and 6th taxable years; and

1 (iv) 0% for each taxable year thereafter.

2 [(2) The county or municipal corporation shall notify the Department that
3 a business entity has been approved for the property tax credit and the assessed value
4 of the new or expanded premises.

5 (f) (1)] (3) On receipt of {notification} ~~CERTIFICATION~~ under subsection
6 [(e)(2)] (B)(7) of this section, ~~THAT A BUSINESS ENTITY MEETS THE REQUIREMENTS~~
7 HAS BEEN CERTIFIED FOR A PROPERTY TAX CREDIT UNDER THIS SUBSECTION, the
8 Department shall compute and certify to the Comptroller OR, IN THE CASE OF THE
9 INSURANCE PREMIUMS TAX, THE MARYLAND INSURANCE COMMISSIONER, the
10 amount of the State tax credit authorized under THIS subsection [(b)(2) of this
11 section] that may be claimed against the individual or corporate income tax,
12 insurance premiums tax, financial institution franchise tax, or public service
13 company franchise tax that would otherwise be due to equal a percentage of the
14 amount of property tax imposed on the [assessed value] ~~ASSESSMENT~~ of the new or
15 expanded premises, as follows:

16 (i) 28% in the 1st and 2nd taxable years;

17 (ii) 21% in the 3rd and 4th taxable years;

18 (iii) 14% in the 5th and 6th taxable years; and

19 (iv) 0% for each taxable year thereafter.

20 (D) (1) FOR A BUSINESS ENTITY TO QUALIFY FOR AN ENHANCED PROPERTY
21 TAX CREDIT UNDER THIS SUBSECTION, THE BUSINESS ENTITY, ALONG WITH ITS
22 AFFILIATES, SHALL:

23 (I) 1. OBTAIN AT LEAST ~~300,000~~ 250,000 SQUARE FEET ~~OR OF~~
24 NEW OR EXPANDED PREMISES BY PURCHASING NEWLY CONSTRUCTED PREMISES,
25 CONSTRUCTING NEW PREMISES, CAUSING NEW PREMISES TO BE CONSTRUCTED, OR
26 LEASING NEWLY CONSTRUCTED PREMISES;

27 2. CONTINUE TO EMPLOY AT LEAST ~~2,000~~ 2,500 INDIVIDUALS
28 IN EXISTING PERMANENT FULL-TIME POSITIONS ~~IN THE STATE~~ PAYING AT LEAST
29 150% OF THE FEDERAL MINIMUM WAGE ~~DURING EACH YEAR IN WHICH THE CREDIT~~
30 ~~IS AND LOCATED AT PREMISES IN THE STATE WHERE THE BUSINESS ENTITY, ALONG~~
31 WITH ITS AFFILIATES, IS PRIMARILY ENGAGED IN ONE OR MORE OF THE INDUSTRIES
32 LISTED IN PARAGRAPH (2) OF THIS SUBSECTION CLAIMED; AND

33 3. EMPLOY AT LEAST 500 INDIVIDUALS IN NEW PERMANENT
34 FULL-TIME POSITIONS PAYING AT LEAST 150% OF THE FEDERAL MINIMUM WAGE
35 AND LOCATED IN THE NEW OR EXPANDED PREMISES, AND, IF APPLICABLE, IN
36 NEWLY RENOVATED PREMISES ADJOINING OR OTHERWISE NEIGHBORING THE NEW
37 OR EXPANDED PREMISES, ~~DURING EACH YEAR IN WHICH THE CREDIT IS CLAIMED~~;
38 OR

1 (II) 1. OBTAIN AT LEAST ~~300,000~~ 250,000 SQUARE FEET OF NEW
2 OR EXPANDED PREMISES BY PURCHASING NEWLY CONSTRUCTED PREMISES,
3 CONSTRUCTING NEW PREMISES, CAUSING NEW PREMISES TO BE CONSTRUCTED, OR
4 LEASING NEWLY CONSTRUCTED PREMISES; AND

5 2. EMPLOY AT LEAST ~~4,000~~ 1,250 INDIVIDUALS IN NEW
6 PERMANENT FULL-TIME POSITIONS PAYING AT LEAST 150% OF THE FEDERAL
7 MINIMUM WAGE AND LOCATED IN THE NEW OR EXPANDED PREMISES AND, IF
8 APPLICABLE, IN NEWLY RENOVATED PREMISES ADJOINING OR OTHERWISE
9 NEIGHBORING THE NEW OR EXPANDED PREMISES, ~~DURING EACH YEAR IN WHICH~~
10 ~~THE CREDIT IS CLAIMED.~~

11 (2) FOR A BUSINESS ENTITY TO QUALIFY FOR AN ENHANCED PROPERTY
12 TAX CREDIT UNDER THIS SUBSECTION, THE BUSINESS ENTITY, ALONG WITH ITS
13 AFFILIATES, SHALL BE PRIMARILY ENGAGED IN ONE OR MORE OF THE FOLLOWING
14 AT THE QUALIFYING PREMISES:

15 (I) MANUFACTURING OR MINING;

16 (II) TRANSPORTATION OR COMMUNICATIONS;

17 (III) AGRICULTURE, FORESTRY, OR FISHING;

18 (IV) RESEARCH, DEVELOPMENT, OR TESTING;

19 (V) BIOTECHNOLOGY;

20 (VI) COMPUTER PROGRAMMING, DATA PROCESSING, OR OTHER
21 COMPUTER-RELATED SERVICES;

22 (VII) CENTRAL FINANCIAL, REAL ESTATE, OR INSURANCE SERVICES
23 AS DEFINED IN ARTICLE 83A, § 5-1101 OF THE CODE;

24 (VIII) THE OPERATION OF CENTRAL ADMINISTRATIVE OFFICES OR A
25 COMPANY HEADQUARTERS AS DEFINED IN ARTICLE 83A, § 5-1101 OF THE CODE;

26 (IX) A PUBLIC UTILITY;

27 (X) WAREHOUSING; OR

28 (XI) BUSINESS SERVICES.

29 (3) TO QUALIFY FOR THE ENHANCED PROPERTY TAX CREDIT UNDER
30 THIS SUBSECTION, A BUSINESS ENTITY SHALL:

31 (I) WITHIN A 6-YEAR PERIOD BEGINNING ON THE NOTIFICATION
32 DATE, EMPLOY INDIVIDUALS IN THE NUMBER OF NEW PERMANENT FULL-TIME
33 POSITIONS REQUIRED UNDER PARAGRAPH (1) OF THIS SUBSECTION;

34 (II) DURING THE 6-YEAR HIRING PERIOD, OBTAIN AND OCCUPY
35 THE NEW OR EXPANDED PREMISES AND, IF APPLICABLE, THE NEWLY RENOVATED

1 PREMISES ADJOINING OR OTHERWISE NEIGHBORING THE NEW OR EXPANDED
2 PREMISES; AND

3 (III) DURING THE 6-YEAR HIRING PERIOD, COMPLY WITH ALL
4 OTHER REQUIREMENTS FOR THE CREDITS DESCRIBED IN THIS SUBSECTION AND IN
5 ANY APPLICABLE LOCAL LAW.

6 (4) (I) IF A BUSINESS ENTITY MEETS THE REQUIREMENTS OF THIS
7 SUBSECTION AND SUBSECTION (B) OF THIS SECTION AND OF ~~ANY~~ APPLICABLE
8 LOCAL LAW ADOPTED UNDER SUBSECTION (B)(1) OF THIS SECTION, FOR EACH OF
9 THE FIRST 12 TAXABLE YEARS AFTER IT QUALIFIES FOR THE CREDIT, ~~THE BUSINESS~~
10 ~~ENTITY MAY CLAIM~~ A PROPERTY TAX CREDIT MAY BE CLAIMED AGAINST THE
11 COUNTY OR MUNICIPAL CORPORATION PROPERTY TAXES THAT WOULD OTHERWISE
12 BE DUE.

13 (II) THE COUNTY OR MUNICIPAL CORPORATION SHALL COMPUTE
14 THE AMOUNT OF THE PROPERTY TAX CREDIT GRANTED TO EQUAL 58.5% OF THE
15 AMOUNT OF PROPERTY TAX IMPOSED ON THE INCREASE IN ASSESSMENT OF:

16 1. THE NEW OR EXPANDED PREMISES;

17 2. NEWLY RENOVATED REAL PROPERTY IMPROVEMENTS
18 ADJOINING OR OTHERWISE NEIGHBORING THE NEW OR EXPANDED PREMISES, IF
19 THE RENOVATIONS ARE SUBSTANTIAL, AS DEFINED IN LEGISLATION ENACTED BY
20 THE COUNTY OR MUNICIPAL CORPORATION TO GRANT THE CREDITS UNDER THIS
21 SUBSECTION; AND

22 3. THE PERSONAL PROPERTY LOCATED ON THE PREMISES
23 DESCRIBED IN ITEMS 1 AND 2 OF THIS SUBPARAGRAPH.

24 (III) THE INCREASE IN ASSESSMENT SHALL BE MEASURED FROM
25 THE NOTIFICATION DATE TO THE APPLICABLE ANNUAL ASSESSMENT DATE AFTER
26 THE COUNTY OR MUNICIPAL CORPORATION HAS CERTIFIED THAT THE BUSINESS
27 ENTITY HAS QUALIFIED FOR THE CREDIT.

28 (5) ON RECEIPT OF ~~CERTIFICATION~~ NOTIFICATION UNDER SUBSECTION
29 (B)(7) OF THIS SECTION THAT A BUSINESS ENTITY ~~MEETS THE REQUIREMENTS HAS~~
30 BEEN CERTIFIED FOR AN ENHANCED PROPERTY TAX CREDIT UNDER THIS
31 SUBSECTION, THE DEPARTMENT SHALL COMPUTE AND CERTIFY TO THE
32 COMPTROLLER OR, IN THE CASE OF THE INSURANCE PREMIUMS TAX, THE
33 MARYLAND INSURANCE COMMISSIONER, THE AMOUNT OF THE STATE TAX CREDIT
34 AUTHORIZED UNDER THIS SUBSECTION THAT MAY BE CLAIMED BY THE BUSINESS
35 ENTITY OR ANY OF ITS AFFILIATES AGAINST THE INDIVIDUAL OR CORPORATE
36 INCOME TAX, INSURANCE PREMIUMS TAX, FINANCIAL INSTITUTION FRANCHISE TAX,
37 OR PUBLIC SERVICE COMPANY FRANCHISE TAX THAT WOULD OTHERWISE BE DUE
38 TO EQUAL 31.5% OF THE AMOUNT OF PROPERTY TAX IMPOSED ON THE ~~ASSESSMENT~~
39 ~~OF THE NEW OR EXPANDED~~ INCREASE IN ASSESSMENT OF THE REAL AND PERSONAL
40 PROPERTY DESCRIBED IN PARAGRAPH (4)(II) OF THIS SUBSECTION ~~PREMISES~~ FOR
41 EACH OF THE FIRST 12 TAXABLE YEARS FOR WHICH THE CREDIT IS ALLOWED.

1 (6) IF A BUSINESS ENTITY THAT OR ANY OF ITS AFFILIATES CLAIMS THE
2 ENHANCED TAX CREDITS UNDER THIS SUBSECTION FOR A CERTAIN PREMISES, THEY
3 MAY NOT CLAIM THE TAX CREDITS UNDER SUBSECTION (C) OF THIS SECTION.

4 [(2)] (E) The same State tax credit cannot be applied more than once
5 against different taxes by the same taxpayer.

6 [(3)] (F) If the State tax credit allowed under this [subsection] SECTION
7 in any taxable year exceeds the total tax otherwise payable by the business entity for
8 that taxable year, a business entity OR ITS AFFILIATES may apply the excess as a
9 credit for succeeding taxable years until the earlier of:

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

11 (⊕) (2) the expiration of the 5th taxable year after the taxable
12 year in which the State tax credit is claimed.

13 [(4)] (G) The Maryland Insurance Commissioner shall adopt regulations
14 to provide for the computation, carryover, and recapture of the State tax credit under
15 § 6-116 of the Insurance Article.

16 [(5)] (H) The Department shall adopt regulations to provide for the
17 computation, carryover, and recapture of the State tax credit under §§ 8-217 and
18 8-414 of the Tax - General Article.

19 [(6)] (I) The Comptroller shall adopt regulations to provide for the
20 computation, carryover, and recapture of the State tax credit under § 10-704.8 of the
21 Tax - General Article.

22 [(g)] (J) The lessor of real property eligible for PROPERTY tax credits under
23 [subsection (b) of] this section shall reduce by the amount of the PROPERTY tax
24 credits computed under subsections (e) and (f) of this section the amount of taxes for
25 which the eligible business entity is contractually liable under the lease agreement.

26 [(h)] (K) The governing body of the county or municipal corporation shall
27 provide, by law, for:

28 (1) the specific requirements for eligibility for a tax credit authorized
29 under this section;

30 (2) any additional limitations on eligibility for the credit;

31 [(3) a provision requiring recapture of the property and State tax credits
32 earned, if, during the 3 taxable years succeeding any year in which a credit was
33 earned, the business entity fails to satisfy the applicable thresholds to qualify for a
34 property tax credit required under subsection (c) of this section;

35 (4)] (3) the information to be supplied by the business entity to a county
36 or municipal corporation and the Comptroller to verify that the business entity is not
37 subject to [item (3) of this] subsection (L) OF THIS SECTION; and

1 [(5)] (4) any other provision appropriate to implement the credit.

2 (L) ALL CREDITS CLAIMED UNDER THIS SECTION FOR A TAXABLE YEAR
3 SHALL BE RECAPTURED IF, DURING THE 3 TAXABLE YEARS SUCCEEDING THE
4 TAXABLE YEAR IN WHICH A CREDIT WAS CLAIMED:

5 (1) THE EMPLOYMENT LEVEL OR SQUARE FOOTAGE OF A BUSINESS
6 ENTITY AT THE PREMISES FALLS BELOW THE APPLICABLE THRESHOLDS REQUIRED
7 TO QUALIFY FOR THE PROPERTY TAX CREDIT UNDER SUBSECTION (C) OF THIS
8 SECTION; OR

9 (2) FOR THE ENHANCED PROPERTY TAX CREDIT, THE EMPLOYMENT
10 LEVEL OR SQUARE FOOTAGE OF A BUSINESS ENTITY, TOGETHER WITH ITS
11 AFFILIATES, AT THE PREMISES FALLS BELOW THE APPLICABLE THRESHOLDS
12 REQUIRED TO QUALIFY FOR THE ENHANCED PROPERTY TAX CREDIT UNDER
13 SUBSECTION (D) OF THIS SECTION.

14 (M) ON OCTOBER 1 OF EACH YEAR, EACH COUNTY AND MUNICIPAL
15 CORPORATION THAT HAS GRANTED TAX CREDITS UNDER THIS SECTION SHALL
16 REPORT TO THE DEPARTMENT, THE DEPARTMENT OF BUSINESS AND ECONOMIC
17 DEVELOPMENT, AND THE COMPTROLLER:

18 (1) THE AMOUNT OF EACH CREDIT GRANTED FOR THAT YEAR; AND

19 (2) WHETHER THE BUSINESS ENTITY IS IN COMPLIANCE WITH THE
20 REQUIREMENTS FOR THE TAX CREDIT.

21 (N) (1) AFTER A BUSINESS ENTITY HAS COMPLIED WITH ALL THE
22 REQUIREMENTS PROVIDED IN THIS SECTION AND IN ANY APPLICABLE LOCAL LAW
23 FOR A PARTICULAR TAX CREDIT, THE BUSINESS ENTITY SHALL BE ENTITLED TO
24 CLAIM THE CREDITS FOR THE TERM PROVIDED IN THIS SECTION.

25 (2) NO ABROGATION OF THIS LAW OR LAW HEREINAFTER ENACTED
26 THAT ELIMINATES OR REDUCES THE TAX CREDITS AVAILABLE UNDER THIS SECTION
27 SHALL APPLY TO ANY BUSINESS ENTITY OR AFFILIATE OF A BUSINESS ENTITY THAT
28 QUALIFIED FOR THE TAX CREDITS BEFORE THE EFFECTIVE DATE OF SUCH LAW OR
29 ABROGATION.

30 **Chapter 623 of the Acts of 1997, as Amended by Chapter 623 of the Acts of**
31 **1998**

32 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall be
33 applicable to all taxable years beginning after December 31, 1996 [but before
34 January 1, 2008; provided, however, that the tax credits under § 9-230 of the Tax -
35 Property Article, as enacted by Section 1 of this Act, shall be allowed for property and
36 business entities that meet the criteria established in § 9-230(c) of the Tax - Property
37 Article on or after October 1, 1997 but before January 1, 2003; and provided further
38 that any excess State tax credits under § 9-230(f)(1) of the Tax - Property Article may
39 be carried forward and, subject to the limitations under § 9-230(f)(3) of the Tax -

1 Property Article, may be applied as a credit for taxable years beginning on or after
2 January 1, 2008].

3 SECTION 3. AND BE IT FURTHER ENACTED, That this Act shall take
4 effect October 1, 1997. [Subject to the provisions of Section 2 of this Act, this Act shall
5 remain in effect for a period of 5 years and 3 months and, at the end of December 31,
6 2002, with no further action required by the General Assembly, this Act shall be
7 abrogated and of no further force and effect].

8 **Chapter 624 of the Acts of 1997, as amended by Chapter 623 of the Acts of**
9 **1998**

10 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall be
11 applicable to all taxable years beginning after December 31, 1996 [but before
12 January 1, 2008; provided, however, that the tax credits under § 9-230 of the Tax -
13 Property Article, as enacted by Section 1 of this Act, shall be allowed for property and
14 business entitles that meet the criteria established in § 9-230(c) of the Tax - Property
15 Article on or after October 1, 1997 but before January 1, 2003; and provided further
16 that any excess State tax credits under § 9-230(f)(1) of the Tax - Property Article may
17 be carried forward and, subject to the limitations under § 9-230(f)(3) of the Tax -
18 Property Article, may be applied as a credit for taxable years beginning on or after
19 January 1, 2008].

20 SECTION 3. AND BE IT FURTHER ENACTED, That this Act shall take
21 effect October 1, 1997. [Subject to the provisions of Section 2 of this Act, this Act shall
22 remain in effect for a period of 5 years and 3 months and, at the end of December 31,
23 2002, with no further action required by the General Assembly, this Act shall be
24 abrogated and of no further force and effect.]

25 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take
26 effect July 1, 1999 and shall be applicable to all taxable years beginning after
27 December 31, 1998 for all employees hired and premises obtained after December 31,
28 1998; provided, however, that if by December 31, 1999, a business entity gives the
29 written notification required under § 9-230(b)(6) of the Tax - Property Article to the
30 appropriate county or municipal corporation, the notification shall be deemed to be
31 timely given with regard to employees hired and premises obtained from December
32 31, 1998 until the notification date.