

SENATE BILL 779

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Q7

1999 Regular Session
9lr2535
CF 9lr2536

By: **Senator Ruben (Montgomery County Administration)**

Introduced and read first time: March 5, 1999

Assigned to: Rules

Re-referred to: Budget and Taxation, March 11, 1999

Committee Report: Favorable with amendments

Senate action: Adopted with floor amendments

Read second time: April 2, 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; clarifying a requirement that a lessor of real
18 property eligible for certain tax credits make certain reductions under a lease
19 agreement under certain circumstances; providing for the continuing eligibility
20 of a business entity that has qualified for certain tax credits for the tax credits
21 for their full scheduled terms even if this Act is repealed, amended or abrogated;
22 repealing certain tax credits with respect to the public service company
23 franchise tax; repealing certain termination provisions applicable to certain tax
24 credits; providing for the applicability of this Act; requiring the Department of
25 Business and Economic Development to initiate and negotiate a certain compact
26 and encourage the enactment of certain legislation; requiring the Department to
27 report to the Governor and the General Assembly on or before a certain date;

1 providing for the effect of certain notification regarding certain actions taken
2 before the effective date of this Act; defining certain terms; altering and deleting
3 certain definitions; and generally relating to certain property tax and State tax
4 credits granted to certain business entities that construct or expand certain new
5 or expanded business premises under certain circumstances.

6 BY repealing and reenacting, with amendments,

7 Article - Insurance

8 Section 6-116

9 Annotated Code of Maryland

10 (1997 Volume and 1998 Supplement)

11 BY repealing and reenacting, with amendments,

12 Article - Tax - General

13 Section 8-217 and 10-704.8

14 Annotated Code of Maryland

15 (1997 Replacement Volume and 1998 Supplement)

16 BY repealing

17 Article - Tax - General

18 Section 8-414

19 Annotated Code of Maryland

20 (1997 Replacement Volume and 1998 Supplement)

21 BY repealing and reenacting, with amendments,

22 Article - Tax - Property

23 Section 9-230

24 Annotated Code of Maryland

25 (1994 Replacement Volume and 1998 Supplement)

26 BY repealing and reenacting, with amendments,

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

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

29 Section 2 and 3

30 BY repealing and reenacting, with amendments,

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

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

33 Section 2 and 3

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

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

1

Article - Insurance2 6-116.

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

6

Article - Tax - General7 8-217.

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

11 [8-414.

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

15 10-704.8.

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

19

Article - Tax - Property20 9-230.

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

22 (2) "AFFILIATE" MEANS A PERSON:

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

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

27 [(2)] (3) "Business entity" means a person conducting a trade or
28 business in the State, that is subject to the State individual or corporate income tax,
29 insurance premiums tax, financial institution franchise tax, or public service
30 company franchise tax.

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

1 [(3)] (5) (i) "New permanent full-time position" means a position that
2 is:

- 3 1. a full-time position of indefinite duration;
4 2. located in Maryland;
5 3. newly created, as a result of the establishment or
6 expansion of a business facility in the State; and
7 4. filled.

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

- 10 1. created when an employment function is shifted from an
11 existing business facility of the business entity OR ITS AFFILIATES located in
12 Maryland to another business facility of the same business entity OR ITS AFFILIATES,
13 if the position does not represent a net new job in the State;
14 2. created through a change in ownership of a trade or
15 business;
16 3. created through a consolidation, merger, or restructuring
17 of a business entity OR ITS AFFILIATES, if the position does not represent a net new
18 job in the State;
19 4. created when an employment function is contractually
20 shifted from an existing business entity OR ITS AFFILIATES, located in the State to
21 another business entity OR ITS AFFILIATES, if the position does not represent a net
22 new job in the State; or
23 5. filled for a period of less than 12 months.

24 [(4)] (6) "New or expanded premises" means real property, including a
25 building or part of a building that has not been previously occupied, where a business
26 entity [locates] OR ITS AFFILIATES LOCATE to conduct [its] business.

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

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

33 (b) (1) The Mayor and City Council of Baltimore City or the governing body
34 of a county or of a municipal corporation may ENACT LEGISLATION NECESSARY TO
35 grant[, by law,] EITHER [a] property tax [credit] CREDITS, ENHANCED PROPERTY
36 TAX CREDITS, OR BOTH TYPES OF PROPERTY TAX CREDITS against the county or

1 municipal corporation property tax imposed on real property owned or leased by [a]
 2 business [entity] ENTITIES that [meets] MEET the requirements specified FOR THE
 3 APPLICABLE TAX CREDIT under [subsection (c)(1) and (2) of] this section and on
 4 personal property owned by [that] business [entity] ENTITIES that [meets] MEET
 5 the requirements specified under [subsection (d) of] this section.

6 (2) (I) If a property tax credit is granted under paragraph (1) of this
 7 subsection, a business entity that meets the requirements FOR THE PROPERTY TAX
 8 CREDIT UNDER [specified under subsection (c)(3) of] this section AND OBTAINS
 9 CERTIFICATION FROM THE COUNTY OR MUNICIPAL CORPORATION may claim a State
 10 tax credit against the individual or corporate income tax, insurance premiums tax, OR
 11 financial institution franchise tax, ~~or public service company franchise tax~~ as
 12 provided under [subsection (f)] SUBSECTION (C)(3) of this section.

13 (II) IF AN ENHANCED PROPERTY TAX CREDIT IS GRANTED UNDER
 14 THIS SECTION AND A BUSINESS ENTITY AND ITS AFFILIATES MEET THE
 15 REQUIREMENTS FOR THE ENHANCED PROPERTY TAX CREDIT AND OBTAIN
 16 CERTIFICATION FROM THE COUNTY OR MUNICIPAL CORPORATION, THE BUSINESS
 17 ENTITY OR ANY OF ITS AFFILIATES MAY CLAIM A STATE TAX CREDIT AGAINST THE
 18 INDIVIDUAL OR CORPORATE INCOME TAX, INSURANCE PREMIUMS TAX, OR
 19 FINANCIAL INSTITUTION FRANCHISE TAX, ~~OR PUBLIC SERVICE COMPANY~~
 20 ~~FRANCHISE TAX~~ AS PROVIDED UNDER SUBSECTION (D)(4) OF THIS SECTION.

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

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

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

27 (2)] (3) A tax credit may not be granted under this section if:

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

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

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

35 [(3)] (4) [In addition to the requirements under paragraphs (1) and (2)
 36 of this subsection, to] TO qualify for a tax credit under this section, the new or
 37 expanded premises must be located in a priority funding area as designated in Title 5,
 38 Subtitle 7B of the State Finance and Procurement Article.

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

6 (6) TO QUALIFY FOR A TAX CREDIT UNDER THIS SECTION, BEFORE IT
7 OBTAINS THE NEW OR EXPANDED PREMISES OR HIRES EMPLOYEES TO FILL THE
8 NEW PERMANENT FULL-TIME POSITIONS AT THE NEW OR EXPANDED PREMISES, A
9 BUSINESS ENTITY SHALL PROVIDE WRITTEN NOTIFICATION TO THE COUNTY OR
10 MUNICIPAL CORPORATION IN WHICH THE NEW OR EXPANDED PREMISES ARE
11 LOCATED:

12 (I) THAT IT INTENDS TO CLAIM THE PROPERTY TAX CREDIT OR
13 ENHANCED PROPERTY TAX CREDIT;

14 (II) IF IT INTENDS TO CLAIM THE ENHANCED PROPERTY TAX
15 CREDIT, HOW IT EXPECTS TO MEET THE REQUIREMENTS TO QUALIFY FOR THE
16 ENHANCED PROPERTY TAX CREDIT; AND

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

20 (7) IF A BUSINESS ENTITY MEETS THE REQUIREMENTS FOR A TAX
21 CREDIT UNDER THIS SECTION, THE COUNTY OR MUNICIPAL CORPORATION SHALL
22 CERTIFY TO THE DEPARTMENT AND THE DEPARTMENT OF BUSINESS AND
23 ECONOMIC DEVELOPMENT THAT THE BUSINESS ENTITY HAS MET THE
24 REQUIREMENTS FOR THE TAX CREDIT FOR THE TAXABLE YEAR THAT FOLLOWS THE
25 DATE ON WHICH IT MET THE REQUIREMENTS.

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

28 (I) OBTAIN AT LEAST 5,000 SQUARE FEET OF NEW OR EXPANDED
29 PREMISES BY PURCHASING NEWLY CONSTRUCTED PREMISES, CONSTRUCTING NEW
30 PREMISES, CAUSING NEW PREMISES TO BE CONSTRUCTED, OR LEASING NEWLY
31 CONSTRUCTED PREMISES; AND

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

36 [(e) (1)](2) [The governing body of] IF A BUSINESS ENTITY MEETS THE
37 REQUIREMENTS OF PARAGRAPH (1) OF THIS SUBSECTION AND SUBSECTION (B) OF
38 THIS SECTION AND OF APPLICABLE LOCAL LAW ADOPTED UNDER SUBSECTION (B)(1)
39 OF THIS SECTION, the county or municipal corporation shall compute the amount of
40 the property tax credit granted under THIS subsection [(b)(1) of this section] for new
41 or expanded premises and the personal property located on those premises that may

1 be claimed against the county or municipal corporation property taxes that would
 2 otherwise be due to equal a percentage of the amount of property tax imposed on the
 3 [assessed value] ASSESSMENT of the new or expanded premises, as follows:

- 4 (i) 52% for the 1st and 2nd taxable years;
- 5 (ii) 39% in the 3rd and 4th taxable years;
- 6 (iii) 26% in the 5th and 6th taxable years; and
- 7 (iv) 0% for each taxable year thereafter.

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

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

- 21 (i) 28% in the 1st and 2nd taxable years;
- 22 (ii) 21% in the 3rd and 4th taxable years;
- 23 (iii) 14% in the 5th and 6th taxable years; and
- 24 (iv) 0% for each taxable year thereafter.

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

28 (I) 1. OBTAIN AT LEAST 250,000 SQUARE FEET OF NEW OR
 29 EXPANDED PREMISES BY PURCHASING NEWLY CONSTRUCTED PREMISES,
 30 CONSTRUCTING NEW PREMISES, CAUSING NEW PREMISES TO BE CONSTRUCTED, OR
 31 LEASING NEWLY CONSTRUCTED PREMISES;

32 2. CONTINUE TO EMPLOY AT LEAST 2,500 INDIVIDUALS IN
 33 EXISTING PERMANENT FULL-TIME POSITIONS PAYING AT LEAST 150% OF THE
 34 FEDERAL MINIMUM WAGE AND LOCATED AT PREMISES IN THE STATE WHERE THE
 35 BUSINESS ENTITY, ALONG WITH ITS AFFILIATES, IS PRIMARILY ENGAGED IN ONE OR
 36 MORE OF THE INDUSTRIES LISTED IN PARAGRAPH (2) OF THIS SUBSECTION; AND

1 3. EMPLOY AT LEAST 500 INDIVIDUALS IN NEW PERMANENT
2 FULL-TIME POSITIONS PAYING AT LEAST 150% OF THE FEDERAL MINIMUM WAGE
3 AND LOCATED IN THE NEW OR EXPANDED PREMISES, AND, IF APPLICABLE, IN
4 NEWLY RENOVATED PREMISES ADJOINING OR OTHERWISE NEIGHBORING THE NEW
5 OR EXPANDED PREMISES; OR

6 (II) 1. OBTAIN AT LEAST 250,000 SQUARE FEET OF NEW OR
7 EXPANDED PREMISES BY PURCHASING NEWLY CONSTRUCTED PREMISES,
8 CONSTRUCTING NEW PREMISES, CAUSING NEW PREMISES TO BE CONSTRUCTED, OR
9 LEASING NEWLY CONSTRUCTED PREMISES; AND

10 2. EMPLOY AT LEAST 1,250 INDIVIDUALS IN NEW
11 PERMANENT FULL-TIME POSITIONS PAYING AT LEAST 150% OF THE FEDERAL
12 MINIMUM WAGE AND LOCATED IN THE NEW OR EXPANDED PREMISES AND, IF
13 APPLICABLE, IN NEWLY RENOVATED PREMISES ADJOINING OR OTHERWISE
14 NEIGHBORING THE NEW OR EXPANDED PREMISES.

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

19 (I) MANUFACTURING OR MINING;

20 (II) TRANSPORTATION OR COMMUNICATIONS;

21 (III) AGRICULTURE, FORESTRY, OR FISHING;

22 (IV) RESEARCH, DEVELOPMENT, OR TESTING;

23 (V) BIOTECHNOLOGY;

24 (VI) COMPUTER PROGRAMMING, DATA PROCESSING, OR OTHER
25 COMPUTER-RELATED SERVICES;

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

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

30 (IX) A PUBLIC UTILITY;

31 (X) WAREHOUSING; OR

32 (XI) BUSINESS SERVICES.

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

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

4 (II) DURING THE 6-YEAR HIRING PERIOD, OBTAIN AND OCCUPY
5 THE NEW OR EXPANDED PREMISES AND, IF APPLICABLE, THE NEWLY RENOVATED
6 PREMISES ADJOINING OR OTHERWISE NEIGHBORING THE NEW OR EXPANDED
7 PREMISES; AND

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

11 (4) (I) IF A BUSINESS ENTITY MEETS THE REQUIREMENTS OF THIS
12 SUBSECTION AND SUBSECTION (B) OF THIS SECTION AND OF APPLICABLE LOCAL
13 LAW ADOPTED UNDER SUBSECTION (B)(1) OF THIS SECTION, FOR EACH OF THE FIRST
14 12 TAXABLE YEARS AFTER IT QUALIFIES FOR THE CREDIT, A PROPERTY TAX CREDIT
15 MAY BE CLAIMED AGAINST THE COUNTY OR MUNICIPAL CORPORATION PROPERTY
16 TAXES THAT WOULD OTHERWISE BE DUE.

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

20 1. THE NEW OR EXPANDED PREMISES;

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

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

28 (III) THE INCREASE IN ASSESSMENT SHALL BE MEASURED FROM
29 THE NOTIFICATION DATE TO THE APPLICABLE ANNUAL ASSESSMENT DATE AFTER
30 THE COUNTY OR MUNICIPAL CORPORATION HAS CERTIFIED THAT THE BUSINESS
31 ENTITY HAS QUALIFIED FOR THE CREDIT.

32 (5) ON RECEIPT OF NOTIFICATION UNDER SUBSECTION (B)(7) OF THIS
33 SECTION THAT A BUSINESS ENTITY HAS BEEN CERTIFIED FOR AN ENHANCED
34 PROPERTY TAX CREDIT UNDER THIS SUBSECTION, THE DEPARTMENT SHALL
35 COMPUTE AND CERTIFY TO THE COMPTROLLER OR, IN THE CASE OF THE INSURANCE
36 PREMIUMS TAX, THE MARYLAND INSURANCE COMMISSIONER THE AMOUNT OF THE
37 STATE TAX CREDIT AUTHORIZED UNDER THIS SUBSECTION THAT MAY BE CLAIMED
38 BY THE BUSINESS ENTITY OR ANY OF ITS AFFILIATES AGAINST THE INDIVIDUAL OR
39 CORPORATE INCOME TAX, INSURANCE PREMIUMS TAX, OR FINANCIAL INSTITUTION
40 FRANCHISE TAX, ~~OR PUBLIC SERVICE COMPANY FRANCHISE TAX~~ THAT WOULD
41 OTHERWISE BE DUE TO EQUAL 31.5% OF THE AMOUNT OF PROPERTY TAX IMPOSED

1 ON THE ~~ASSESSMENT OF THE NEW OR EXPANDED PREMISES INCREASE IN~~
2 ~~ASSESSMENT OF THE REAL AND PERSONAL PROPERTY DESCRIBED IN PARAGRAPH~~
3 ~~(4)(II) OF THIS SUBSECTION~~ FOR EACH OF THE FIRST 12 TAXABLE YEARS FOR WHICH
4 THE CREDIT IS ALLOWED.

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

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

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

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

15 (ii) (2) the expiration of the 5th taxable year after the taxable
16 year in which the State tax credit is claimed.

17 [(4)] (G) The Maryland Insurance Commissioner shall adopt regulations
18 to provide for the computation, carryover, and recapture of the State tax credit under
19 § 6-116 of the Insurance Article.

20 [(5)] (H) The Department shall adopt regulations to provide for the
21 computation, carryover, and recapture of the State tax credit under ~~§§ 8-217 and~~
22 ~~§ 414~~ § 8-217 of the Tax - General Article.

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

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

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

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

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

36 [(3)] a provision requiring recapture of the property and State tax credits
37 earned, if, during the 3 taxable years succeeding any year in which a credit was

1 earned, the business entity fails to satisfy the applicable thresholds to qualify for a
2 property tax credit required under subsection (c) of this section;

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

6 [(5)] (4) any other provision appropriate to implement the credit.

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

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

14 (2) FOR THE ENHANCED PROPERTY TAX CREDIT, THE EMPLOYMENT
15 LEVEL OR SQUARE FOOTAGE OF A BUSINESS ENTITY, TOGETHER WITH ITS
16 AFFILIATES, AT THE PREMISES FALLS BELOW THE APPLICABLE THRESHOLDS
17 REQUIRED TO QUALIFY FOR THE ENHANCED PROPERTY TAX CREDIT UNDER
18 SUBSECTION (D) OF THIS SECTION.

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

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

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

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

30 (2) NO ABROGATION OF THIS LAW OR LAW HEREINAFTER ENACTED
31 THAT ELIMINATES OR REDUCES THE TAX CREDITS AVAILABLE UNDER THIS SECTION
32 SHALL APPLY TO ANY BUSINESS ENTITY OR AFFILIATE OF A BUSINESS ENTITY THAT
33 QUALIFIED FOR THE TAX CREDITS BEFORE THE EFFECTIVE DATE OF SUCH LAW OR
34 ABROGATION.

35 **Chapter 623 of the Acts of 1997, as Amended by Chapter 623 of the Acts of**
36 **1998**

37 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall be
38 applicable to all taxable years beginning after December 31, 1996 [but before

1 January 1, 2008; provided, however, that the tax credits under § 9-230 of the Tax -
2 Property Article, as enacted by Section 1 of this Act, shall be allowed for property and
3 business entities that meet the criteria established in § 9-230(c) of the Tax - Property
4 Article on or after October 1, 1997 but before January 1, 2003; and provided further
5 that any excess State tax credits under § 9-230(f)(1) of the Tax - Property Article may
6 be carried forward and, subject to the limitations under § 9-230(f)(3) of the Tax -
7 Property Article, may be applied as a credit for taxable years beginning on or after
8 January 1, 2008].

9 SECTION 3. AND BE IT FURTHER ENACTED, That this Act shall take
10 effect October 1, 1997. [Subject to the provisions of Section 2 of this Act, this Act shall
11 remain in effect for a period of 5 years and 3 months and, at the end of December 31,
12 2002, with no further action required by the General Assembly, this Act shall be
13 abrogated and of no further force and effect.]

14 **Chapter 624 of the Acts of 1997, as amended by Chapter 623 of the Acts of**
15 **1998**

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

26 SECTION 3. AND BE IT FURTHER ENACTED, That this Act shall take
27 effect October 1, 1997. [Subject to the provisions of Section 2 of this Act, this Act shall
28 remain in effect for a period of 5 years and 3 months and, at the end of December 31,
29 2002, with no further action required by the General Assembly, this Act shall be
30 abrogated and of no further force and effect.]

31 SECTION 2. AND BE IT FURTHER ENACTED, That the Department of
32 Business and Economic Development shall initiate and negotiate with other states
33 the development of an interstate compact to prohibit or reduce corporate raiding by
34 states of other states' corporations, and shall encourage the enactment of federal
35 legislation to prohibit or reduce corporate raiding by states of other states'
36 corporations. The Department shall report on its progress in developing an interstate
37 compact and the progress of any federal legislation to the Governor and, in accordance
38 with § 2-1246 of the State Government Article, to the General Assembly, on or before
39 January 15, 2000.

1 SECTION 3. AND BE IT FURTHER ENACTED, That this Act shall take
2 effect July 1, 1999 and shall be applicable to all taxable years beginning after
3 December 31, 1998 for all employees hired and premises obtained after December 31,
4 1998; provided, however, that if by December 31, 1999, a business entity gives the
5 written notification required under § 9-230(b)(6) of the Tax - Property Article to the
6 appropriate county or municipal corporation, the notification shall be deemed to be
7 timely given with regard to employees hired and premises obtained from December
8 31, 1998 until the notification date.