

SENATE BILL 86

Unofficial Copy
Q8
SB 651/99 - B&T

2000 Regular Session
0lr1039
CF 0lr1199

By: **Senator Baker**

Introduced and read first time: January 13, 2000

Assigned to: Budget and Taxation

A BILL ENTITLED

1 AN ACT concerning

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

3 FOR the purpose of altering certain qualifications for certain tax credits in Kent
4 County by specifying the number of individuals employed by certain businesses
5 in certain new permanent full-time positions; and generally relating to a certain
6 tax credit for certain new or expanded business premises in Kent County.

7 BY repealing and reenacting, without amendments,
8 Article - Tax - Property
9 Section 9-230(b)
10 Annotated Code of Maryland
11 (1994 Replacement Volume and 1999 Supplement)

12 BY repealing and reenacting, with amendments,
13 Article - Tax - Property
14 Section 9-230(c)
15 Annotated Code of Maryland
16 (1994 Replacement Volume and 1999 Supplement)

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

19 **Article - Tax - Property**

20 9-230.

21 (b) (1) The Mayor and City Council of Baltimore City or the governing body
22 of a county or of a municipal corporation may enact legislation necessary to grant
23 either property tax credits, enhanced property tax credits, or both types of property
24 tax credits against the county or municipal corporation property tax imposed on real
25 property owned or leased by business entities that meet the requirements specified
26 for the applicable tax credit under this section and on personal property owned by
27 business entities that meet the requirements specified under this section.

1 (2) (i) If a property tax credit is granted under paragraph (1) of this
2 subsection, a business entity that meets the requirements for the property tax credit
3 under this section and obtains certification from the county or municipal corporation
4 may claim a State tax credit against the individual or corporate income tax, insurance
5 premiums tax, or financial institution franchise tax as provided under subsection
6 (c)(3) of this section.

7 (ii) If an enhanced property tax credit is granted under this section
8 and a business entity and its affiliates meet the requirements for the enhanced
9 property tax credit and obtain certification from the county or municipal corporation,
10 the business entity or any of its affiliates may claim a State tax credit against the
11 individual or corporate income tax, insurance premiums tax, or financial institution
12 franchise tax as provided under subsection (d)(4) of this section.

13 (3) A tax credit may not be granted under this section if:

14 (i) the business entity or any of its affiliates have moved their
15 operations from one county in the State to the new or expanded premises in another;
16 or

17 (ii) the new or expanded premises has otherwise been granted a tax
18 credit or exemption under this article for the taxable year.

19 (4) To qualify for a tax credit under this section, the new or expanded
20 premises must be located in a priority funding area as designated in Title 5, Subtitle
21 7B of the State Finance and Procurement Article.

22 (5) To qualify for a property tax credit under this section against
23 property tax imposed on personal property a business entity shall certify that the
24 personal property is located on the premises that qualify for a property tax credit or
25 enhanced property tax credit under this section.

26 (6) To qualify for a tax credit under this section, before it obtains the new
27 or expanded premises or hires employees to fill the new permanent full-time
28 positions at the new or expanded premises, a business entity shall provide written
29 notification to the county or municipal corporation in which the new or expanded
30 premises are located:

31 (i) that it intends to claim the property tax credit or enhanced
32 property tax credit;

33 (ii) if it intends to claim the enhanced property tax credit, how it
34 expects to meet the requirements to qualify for the enhanced property tax credit; and

35 (iii) when it expects to obtain the new or expanded premises and
36 hire the required number of employees in the new permanent full-time positions.

37 (7) If a business entity meets the requirements for a tax credit under this
38 section, the county or municipal corporation shall certify to the Department and the
39 Department of Business and Economic Development that the business entity has met

1 the requirements for the tax credit for the taxable year that follows the date on which
2 it met the requirements.

3 (c) (1) To qualify for a property tax credit under this subsection, a business
4 entity shall:

5 (i) obtain at least 5,000 square feet of new or expanded premises
6 by purchasing newly constructed premises, constructing new premises, causing new
7 premises to be constructed, or leasing newly constructed premises; and

8 (ii) 1. EXCEPT AS PROVIDED IN ITEM 2 OF THIS SUBPARAGRAPH,
9 employ at least 25 individuals in new permanent full-time positions during a
10 24-month period, during which period the business entity must also obtain and
11 occupy the new or expanded premises; OR

12 2. IN KENT COUNTY, EMPLOY AT LEAST 10 INDIVIDUALS IN
13 NEW PERMANENT FULL-TIME POSITIONS DURING A 24-MONTH PERIOD, DURING
14 WHICH PERIOD THE BUSINESS ENTITY MUST ALSO OBTAIN AND OCCUPY THE NEW
15 OR EXPANDED PREMISES.

16 (2) If a business entity meets the requirements of paragraph (1) of this
17 subsection and subsection (b) of this section and of applicable local law adopted under
18 subsection (b)(1) of this section, the county or municipal corporation shall compute
19 the amount of the property tax credit granted under this subsection for new or
20 expanded premises and the personal property located on those premises that may be
21 claimed against the county or municipal corporation property taxes that would
22 otherwise be due to equal a percentage of the amount of property tax imposed on the
23 assessment of the new or expanded premises, as follows:

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

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

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

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

28 (3) On receipt of notification under subsection (b)(7) of this section that a
29 business entity has been certified for a property tax credit under this subsection, the
30 Department shall compute and certify to the Comptroller or, in the case of the
31 insurance premiums tax, the Maryland Insurance Commissioner the amount of the
32 State tax credit authorized under this subsection that may be claimed against the
33 individual or corporate income tax, insurance premiums tax, or financial institution
34 franchise tax that would otherwise be due to equal a percentage of the amount of
35 property tax imposed on the assessment of the new or expanded premises, as follows:

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

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

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

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

3 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
4 July 1, 2000.