

SENATE BILL 86

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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

Committee Report: Favorable with amendments
Senate action: Adopted
Read second time: March 7, 2000

CHAPTER _____

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~~ certain counties by specifying the number of individuals employed by
5 certain businesses in certain new permanent full-time positions; and generally
6 relating to a certain tax credit for certain new or expanded business premises in
7 ~~Kent County~~ certain counties.

8 BY repealing and reenacting, without amendments,
9 Article - Tax - Property
10 Section 9-230(b)
11 Annotated Code of Maryland
12 (1994 Replacement Volume and 1999 Supplement)

13 BY repealing and reenacting, with amendments,
14 Article - Tax - Property
15 Section 9-230(c)
16 Annotated Code of Maryland
17 (1994 Replacement Volume and 1999 Supplement)

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

1

Article - Tax - Property

2 9-230.

3 (b) (1) The Mayor and City Council of Baltimore City or the governing body
4 of a county or of a municipal corporation may enact legislation necessary to grant
5 either property tax credits, enhanced property tax credits, or both types of property
6 tax credits against the county or municipal corporation property tax imposed on real
7 property owned or leased by business entities that meet the requirements specified
8 for the applicable tax credit under this section and on personal property owned by
9 business entities that meet the requirements specified under this section.

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

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

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

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

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

28 (4) To qualify for a tax credit under this section, the new or expanded
29 premises must be located in a priority funding area as designated in Title 5, Subtitle
30 7B of the State Finance and Procurement Article.

31 (5) To qualify for a property tax credit under this section against
32 property tax imposed on personal property a business entity shall certify that the
33 personal property is located on the premises that qualify for a property tax credit or
34 enhanced property tax credit under this section.

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

1 (i) that it intends to claim the property tax credit or enhanced
2 property tax credit;

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

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

7 (7) If a business entity meets the requirements for a tax credit under this
8 section, the county or municipal corporation shall certify to the Department and the
9 Department of Business and Economic Development that the business entity has met
10 the requirements for the tax credit for the taxable year that follows the date on which
11 it met the requirements.

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

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

17 (ii) 1. EXCEPT AS PROVIDED IN ITEM 2 OF THIS SUBPARAGRAPH,
18 employ at least 25 individuals in new permanent full-time positions during a
19 24-month period, during which period the business entity must also obtain and
20 occupy the new or expanded premises; OR

21 2. IN KENT COUNTY A COUNTY WITH A POPULATION UNDER
22 30,000, EMPLOY AT LEAST 10 INDIVIDUALS IN NEW PERMANENT FULL-TIME
23 POSITIONS DURING A 24-MONTH PERIOD, DURING WHICH PERIOD THE BUSINESS
24 ENTITY MUST ALSO OBTAIN AND OCCUPY THE NEW OR EXPANDED PREMISES.

25 (2) If a business entity meets the requirements of paragraph (1) of this
26 subsection and subsection (b) of this section and of applicable local law adopted under
27 subsection (b)(1) of this section, the county or municipal corporation shall compute
28 the amount of the property tax credit granted under this subsection for new or
29 expanded premises and the personal property located on those premises that may be
30 claimed against the county or municipal corporation property taxes that would
31 otherwise be due to equal a percentage of the amount of property tax imposed on the
32 assessment of the new or expanded premises, as follows:

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

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

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

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

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

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

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