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By: **Delegate Taylor**  
Introduced and read first time: February 6, 2002  
Assigned to: Ways and Means

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Committee Report: Favorable with amendments  
House action: Adopted  
Read second time: March 21, 2002

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CHAPTER \_\_\_\_\_

1 AN ACT concerning

2 **One Maryland Economic Development Tax Credits - Refunds - Businesses**  
3 **Creating Higher Wage Jobs**

4 FOR the purpose of altering provisions of certain economic development tax credits to  
5 alter the circumstances under which a qualified business entity may claim  
6 certain refunds and apply the credits in a certain manner, if the ~~average~~ pay for  
7 the majority of certain qualified positions created is at least a certain percentage  
8 of the federal minimum wage; providing for the application of this Act; and  
9 generally relating to certain tax credits allowed for certain costs of certain  
10 economic development projects and certain start-up costs.

11 BY repealing and reenacting, without amendments,  
12 Article 83A - Department of Business and Economic Development  
13 Section 5-1501(a)(7) and (10)  
14 Annotated Code of Maryland  
15 (1998 Replacement Volume and 2001 Supplement)

16 BY repealing and reenacting, with amendments,  
17 Article 83A - Department of Business and Economic Development  
18 Section 5-1501(b)(5) and (c)(4)  
19 Annotated Code of Maryland  
20 (1998 Replacement Volume and 2001 Supplement)

21 BY adding to  
22 Article 83A - Department of Business and Economic Development  
23 Section 5-1501(h)

1 Annotated Code of Maryland  
2 (1998 Replacement Volume and 2001 Supplement)

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

5 **Article 83A - Department of Business and Economic Development**

6 5-1501.

7 (a) (7) "Qualified business entity" means a person that:

8 (i) Conducts or operates a trade or business in Maryland or is an  
9 organization operating in Maryland that is exempt from taxation under § 501(c)(3) or  
10 (4) of the Internal Revenue Code;

11 (ii) Establishes or expands a business facility that:

12 1. Is located in a qualified distressed county in the State; and

13 2. Is located within a priority funding area under § 5-7B-02  
14 of the State Finance and Procurement Article or is eligible for funding outside of a  
15 priority funding area under § 5-7B-05 or § 5-7B-06 of the State Finance and  
16 Procurement Article;

17 (iii) During any 24-month period creates at least 25 qualified  
18 positions at the new or expanded business facility;

19 (iv) Is primarily engaged at the new or expanded business facility in  
20 the qualified distressed county in one or more of the following:

21 1. Manufacturing or mining;

22 2. Transportation or communications;

23 3. Filmmaking, resort, and recreational business;

24 4. Agriculture, forestry, or fishing;

25 5. Research, development, or testing;

26 6. Biotechnology;

27 7. Computer programming, data processing, or other  
28 computer related services;

29 8. Central financial, real estate, or insurance services;

30 9. The operation of central administrative offices or a  
31 company headquarters;



1                           A.       May apply any excess of eligible project costs for the  
2 eligible economic development project over the cumulative amount used as a tax  
3 credit under this subsection for the taxable year and all prior taxable years as a tax  
4 credit against the State tax for the taxable year on the qualified business entity's  
5 income other than income generated by or arising out of the project; and

6                           B.       May claim a refund in the amount, if any, by which the  
7 unused excess exceeds the State tax for the taxable year on the qualified business  
8 entity's income other than income generated by or arising out of the project; and

9                           2.       A qualified business entity that is subject to taxation  
10 under Title 6 of the Insurance Article:

11                          A.       May apply any excess of eligible project costs for the  
12 eligible economic development project over the cumulative amount used as a tax  
13 credit under this subsection for the taxable year and all prior taxable years as a tax  
14 credit against the premium tax imposed for the taxable year; and

15                          B.       May claim a refund in the amount, if any, by which the  
16 unused excess exceeds the premium tax for the taxable year.

17                          (ii)       For any taxable year, the total of the amounts used as a tax  
18 credit and claimed as a refund as provided in this paragraph may not exceed the  
19 amount of taxes that the qualified business entity is required to withhold for the  
20 taxable year from the wages of qualified employees under § 10-908 of the Tax -  
21 General Article.

22       (c)       (4)       (i)       Subject to the limitation under subparagraph (ii) of this  
23 paragraph AND SUBJECT TO SUBSECTION (H) OF THIS SECTION, for any taxable year  
24 after the 4th taxable year following the taxable year in which the qualified business  
25 entity locates in a qualified distressed county but before the 15th taxable year  
26 following the taxable year in which the qualified business entity locates in a qualified  
27 distressed county, the qualified business entity may claim a refund in the amount, if  
28 any, by which the qualified business entity's eligible start-up costs exceed the  
29 cumulative amount used as a tax credit under this subsection for the taxable year and  
30 all prior taxable years.

31                          (ii)       For any taxable year, the total amount claimed as a refund as  
32 provided in this paragraph may not exceed the amount of taxes that the qualified  
33 business entity is required to withhold for the taxable year from the wages of  
34 qualified employees under § 10-908 of the Tax - General Article.

35       (H)       IF THE ~~AVERAGE PAY FOR~~ PAY FOR THE MAJORITY OF THE QUALIFIED  
36 POSITIONS CREATED AS A RESULT OF THE ESTABLISHMENT OR EXPANSION OF A  
37 BUSINESS FACILITY IS AT LEAST 250% OF THE FEDERAL MINIMUM WAGE, THE  
38 PROVISIONS OF SUBSECTIONS (B)(5) AND (C)(4) OF THIS SECTION SHALL APPLY  
39 BEGINNING WITH THE TAXABLE YEAR AFTER THE 2ND TAXABLE YEAR FOLLOWING  
40 THE TAXABLE YEAR IN WHICH THE QUALIFIED BUSINESS ENTITY LOCATES IN A  
41 QUALIFIED DISTRESSED COUNTY.

1 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect  
2 July 1, 2002 and shall be applicable to any business entity that first notifies the  
3 Department of Business and Economic Development of its intent to seek certification  
4 for the tax credit under Article 83A, § 5-1501 of the Code on or after July 1, 2002.