Unofficial Copy Q3 HB 1084/03 - W&M 2004 Regular Session 4lr1781

By: Delegates Gordon, Hixson, Goodwin, Healey, Heller, Kaiser, and Ross

Introduced and read first time: February 9, 2004

Assigned to: Ways and Means

A BILL ENTITLED

1 AN ACT concerning

2 Tax Incentives and Benefits - Credits and Subtraction Modifications

- 3 FOR the purpose of repealing certain credits allowed against certain State taxes;
- 4 altering certain tax benefits provided under law by allowing income tax
- 5 subtraction modifications in certain amounts under certain circumstances for
- 6 purposes of determining Maryland taxable income instead of allowing credits
- 7 against income tax liability; providing that this Act does not affect certain tax
- 8 credits claimed on or after a certain date by a person qualifying for the credit
- 9 before a certain date; providing for the application of this Act; and generally
- relating to tax incentives and benefits under Maryland taxes.
- 11 BY repealing
- 12 Article Insurance
- 13 Section 6-105 through 6-105.2 and 6-114 through 6-120
- 14 Annotated Code of Maryland
- 15 (2003 Replacement Volume)

16 BY repealing

- 17 Article Tax General
- 18 Section 8-213 through 8-221, 8-406(b), 8-410 through 8-413, 8-415, 8-416,
- 19 10-205(b) and (i), 10-306(b), 10-704.3, 10-704.5, 10-704.7, 10-704.10,
- 20 10-710, and 10-715
- 21 Annotated Code of Maryland
- 22 (1997 Replacement Volume and 2003 Supplement)

23 BY renumbering

- 24 Article Tax General
- 25 Section 10-205(c) through (h), 10-702, 10-704.1, 10-704.4, 10-704.6, 10-704.8,
- 26 10-704.9, 10-707, 10-711, 10-714, and 10-717 through 10-724,
- 27 respectively
- 28 to be Section 10-205(b) through (g), 10-226, 10-227, 10-228, 10-230, 10-231,
- 29 10-232, 10-234, 10-236, 10-237, and 10-239 through 10-246, respectively
- 30 Annotated Code of Maryland

- 1 (1997 Replacement Volume and 2003 Supplement)
- 2 BY repealing and reenacting, with amendments,
- 3 Article 83A Department of Business and Economic Development
- 4 Section 5-404(a)(2) and (b)(3)(i), 5-1101(d) and (f)(1)(iii), 5-1102, 5-1103, and
- 5 5-1501(a)(6)(iii), (7)(v), and (12)(ii) and (b) through (f)
- 6 Annotated Code of Maryland
- 7 (2003 Replacement Volume)
- 8 BY repealing
- 9 Article 83A Department of Business and Economic Development
- 10 Section 5-1501(g) and (h)
- 11 Annotated Code of Maryland
- 12 (2003 Replacement Volume)
- 13 BY repealing and reenacting, with amendments,
- 14 Article 83B Department of Housing and Community Development
- 15 Section 4-701(c), 4-704, and 4-705(c)(2) through (4)
- 16 Annotated Code of Maryland
- 17 (2003 Replacement Volume)
- 18 BY repealing and reenacting, with amendments,
- 19 Article 88A Department of Human Resources
- 20 Section 54
- 21 Annotated Code of Maryland
- 22 (2003 Replacement Volume)
- 23 BY repealing and reenacting, with amendments,
- 24 Article Education
- 25 Section 21-309 and 21-501(b)(5) and (c) through (e)
- 26 Annotated Code of Maryland
- 27 (2001 Replacement Volume and 2003 Supplement)
- 28 BY repealing and reenacting, with amendments,
- 29 Article Environment
- 30 Section 2-901(b) and (c)
- 31 Annotated Code of Maryland
- 32 (1996 Replacement Volume and 2003 Supplement)
- 33 BY repealing
- 34 Article Environment
- 35 Section 2-901(d)
- 36 Annotated Code of Maryland

36 37

1 (1996 Replacement Volume and 2003 Supplement) BY repealing and reenacting, with amendments, 2 3 Article - Labor and Employment 4 Section 11-702(c), 11-704, and 11-705 5 Annotated Code of Maryland (1999 Replacement Volume and 2003 Supplement) 6 7 BY repealing and reenacting, with amendments, Article - Tax - Property 8 9 Section 9-230(b)(2), (c)(3), (d)(5), and (i) through (n)Annotated Code of Maryland 10 (2001 Replacement Volume and 2003 Supplement) 11 12 BY repealing 13 Article - Tax - Property 14 Section 9-230(e) through (h) 15 Annotated Code of Maryland 16 (2001 Replacement Volume and 2003 Supplement) 17 BY adding to Article - Tax - General 18 Section 10-208(a-1), 10-229, 10-233, 10-235, 10-238, 10-306(b), and 19 20 10-308(a-1) Annotated Code of Maryland 21 (1997 Replacement Volume and 2003 Supplement) 22 23 BY repealing and reenacting, with amendments, Article - Tax - General 24 25 Section 10-218(b), 10-809, and 10-812 26 Annotated Code of Maryland (1997 Replacement Volume and 2003 Supplement) 27 28 BY repealing and reenacting, with amendments, Article - Tax - General 29 30 Section 10-226(b) through (e), 10-227(b) and (c), 10-228, 10-230, 10-231, 10-232, 10-234, 10-236, 10-237, 10-239, 10-240, 10-241(b), (c), (e), and 31 (f), 10-242(b), 10-243(b) and (f), 10-244(a)(7) and (b) through (k), 10-245, 32 33 and 10-246 to be under the new part "Part V. Additional Adjustments to Determine Maryland Taxable Income" 34 35 Annotated Code of Maryland

(1997 Replacement Volume and 2003 Supplement)

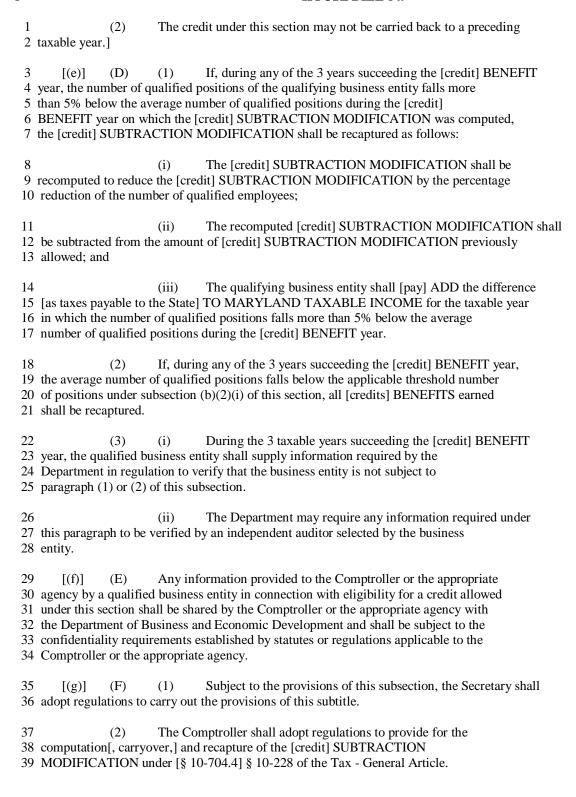
(As enacted by Section 3 of this Act)

1 2 3 4 5 6 7	BY repealing Article - Tax - General Section 10-226(f) and (g), 10-227(d), 10-241(d), 10-242(c), and 10-243(c) through (e) Annotated Code of Maryland (1997 Replacement Volume and 2003 Supplement) (As enacted by Section 3 of this Act)
	SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND, That Section(s) 6-105 through 6-105.2 and 6-114 through 6-120 of Article - Insurance of the Annotated Code of Maryland be repealed.
13	SECTION 2. AND BE IT FURTHER ENACTED, That Section(s) 8-213 through 8-221, 8-406(b), 8-410 through 8-413, 8-415, 8-416, 10-205(b) and (i), 10-306(b), 10-704.3, 10-704.5, 10-704.7, 10-704.10, 10-710, and 10-715 of Article - Tax - General of the Annotated Code of Maryland be repealed.
17 18 19	SECTION 3. AND BE IT FURTHER ENACTED, That Section(s) 10-205(c) through (h), 10-702, 10-704.1, 10-704.4, 10-704.6, 10-704.8, 10-704.9, 10-707, 10-711, 10-714, and 10-717 through 10-724, respectively, of Article - Tax - General of the Annotated Code of Maryland be renumbered to be Section(s) 10-205(b) through (g), 10-226, 10-227, 10-228, 10-230, 10-231, 10-232, 10-234, 10-236, 10-237, and 10-239 through 10-246, respectively.
21 22	SECTION 4. AND BE IT FURTHER ENACTED, That the Laws of Maryland read as follows:
23	Article 83A - Department of Business and Economic Development
24	5-404.
25 26	(a) The following incentives and initiatives shall be available to business entities to the extent provided for in this section:
27 28	(2) The income tax [credits] BENEFITS set forth in § 10-702 of the Tax - General Article;
	(b) Any business entity moving into or locating within an enterprise zone on or after the date on which the enterprise zone is designated pursuant to § 5-402 of this subtitle may benefit from the incentives and initiatives set forth in this section, if:
34	(3) (i) The business entity creates new or additional jobs or makes a capital investment in order to qualify for the property tax credit under § 9-103 of the Tax - Property Article and the income tax [credits] BENEFITS under § 10-702 of the Tax - General Article; and

1	5-1101.
	(d) "[Credit] BENEFIT year" means the taxable year in which a qualified business entity claims the [credit] SUBTRACTION MODIFICATION allowed under this subtitle.
5 6	(f) (1) "Qualified business entity" means a person conducting or operating a trade or business in Maryland who:
7 8	(iii) Is certified by the Secretary under § 5-1102(b) of this subtitle as qualifying for the tax [credit] BENEFIT under this subtitle.
9	5-1102.
12	(a) It is the intent of the General Assembly that the job creation tax [credits] BENEFITS authorized under this subtitle are for the purpose of increasing the number of new jobs in the State by encouraging the expansion of existing private sector enterprises and the establishment or attraction of new private sector enterprises.
	(b) (1) (i) The Secretary shall certify a person as a qualified business entity eligible for the tax [credit] BENEFIT under this subtitle if the person satisfies the criteria set forth in this section.
19 20 21	(ii) A business entity may not be certified as qualifying for the tax [credit] BENEFIT under this subtitle unless the business entity notifies the Department of its intent to seek certification before hiring any qualified employees to fill the qualified positions necessary to satisfy the requirements of paragraph (2)(i) of this subsection for establishing or expanding the business facility on which the [credit] BENEFIT is based.
23 24	(2) To qualify for the tax [credit] BENEFIT provided under this subtitle, a business entity must establish or expand a business facility in the State that:
25	(i) Results in the creation of:
26	1. At least 60 qualified positions;
29	2. At least 30 qualified positions if the aggregate payroll for the qualified positions is greater than a threshold amount equal to the product of multiplying 60 times the State's average annual salary, as determined by the Department; or
	3. At least 25 qualified positions if the business facility established or expanded by the business entity is located in a State priority funding area; and
34	(ii) Is primarily engaged in one or more of the following:
35	1. Manufacturing or mining;
36	2. Transportation or communications;

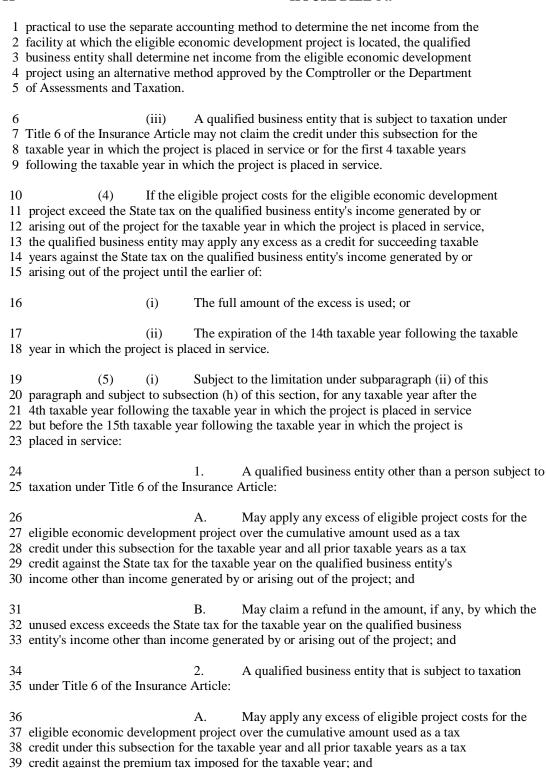
1		3.	Agriculture, forestry, or fishing;
2		4.	Research, development, or testing;
3		5.	Biotechnology;
4 5	computer related services;	6.	Computer programming, data processing, or other
6		7.	Central financial, real estate, or insurance services;
7 8	company headquarters;	8.	The operation of central administrative offices or a
9		9.	A public utility;
10		10.	Warehousing;
11 12	expanded by the business entire	11. ty is loca	Business services, if the business facility established or ted in a State priority funding area; or
15 16	the facility generates a minimum	um of 1,0	Operation of entertainment, recreation, cultural, or facility located within a revitalization area if 000 new full-time equivalent filled positions in used by a professional sports franchise or for
	activity described in paragraph	h (2)(ii) o	thether a business facility is engaged in a qualifying of this subsection, the Department shall Standard Industrial Classification Manual.
21 22			the amount determined under this section.
23 24	(2) (i) SUBTRACTION MODIFICA		as otherwise provided in this section, the [credit] arned under this section equals the lesser of:
25 26	employees employed by the q	1. ualified e	\$1,000 multiplied times the number of qualified entity during the [credit] BENEFIT year; and
27 28	during the [credit] BENEFIT	2. year to th	2.5% of the wages paid by the qualified business entity e qualified employees.
	(ii) revitalization area, the [credit] section equals the lesser of:		lified employees working in a facility located in a ACTION MODIFICATION earned under this
32 33	employees employed by the a	1. nalified e	\$1,500 multiplied times the number of qualified

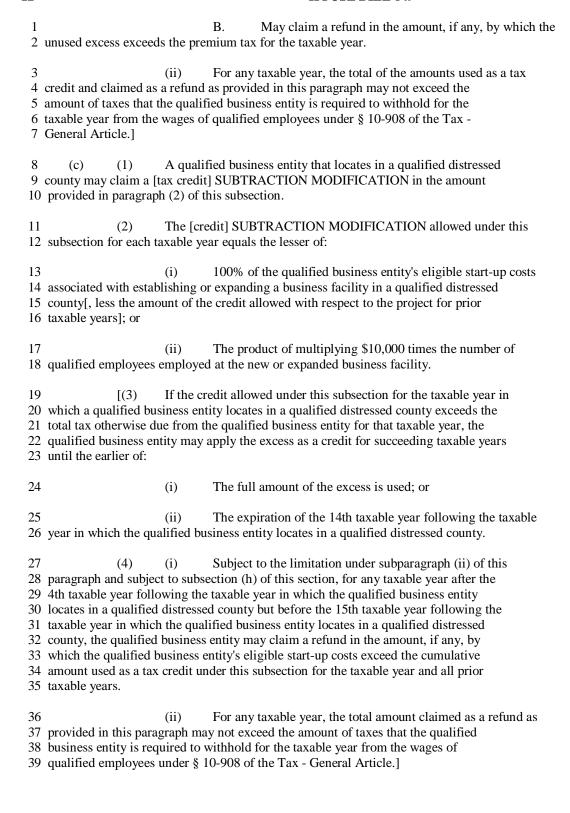
1 2	during the credit year to the		5% of the wages paid by the qualified business entity aployees.
5	(2) of this subsection shal	ll be allowed ra FICATION am	TRACTION MODIFICATION earned under paragraph tably, with one-half of the [credit] ount allowed annually for 2 years beginning with
			TRACTION MODIFICATION earned by a qualified ot exceed \$1,000,000 for any [credit]
10 11	[(5) The taxes by the same taxpayer		annot be applied more than once against different
		llowing to the l	To be certified as a qualified business entity, a business Department in accordance with regulations
15		1.	The effective date of the start-up or expansion;
16 17	or expansion and the pay		The number of full-time employees prior to the start-up ting employees;
18 19	employees hired, and the		The number of qualified positions created, qualified se employees; and
20 21	regulation.	4.	Any other information that the Department requires by
	(ii) this paragraph to be verifientity.		artment may require any information required under bendent auditor selected by the business
27 28	MODIFICATION is claim	with the tax re med, certificati	ted business entity must obtain, and submit to the turn on which the [credit] SUBTRACTION ton from the Department that the entity has met ligible for the [credit] SUBTRACTION
32	the total tax otherwise du	e from the qua	ed under this section in any taxable year exceeds lified business entity for that taxable year, the excess as a credit for succeeding taxable
34	(i)	The full	amount of the excess is used; or
35	(ii)	The expi	ration of the 5th taxable year from the credit year.

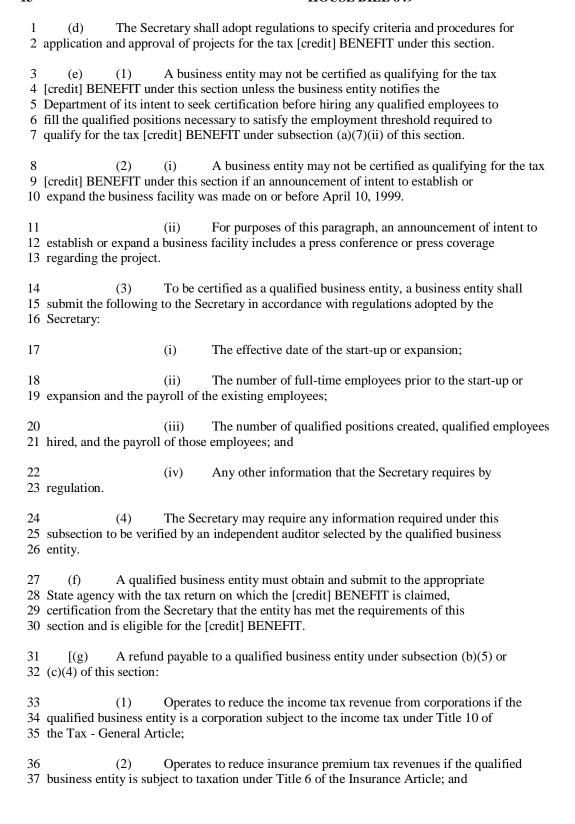


	[(3) The Department of Assessments and Taxation shall adopt regulations to provide for the computation, carryover, and recapture of the credit under §§ 8-214 and 8-411 of the Tax - General Article.
	(4) The Maryland Insurance Commissioner shall adopt regulations to provide for the computation, carryover, and recapture of the credit under § 6-114 of the Insurance Article.]
9	[(h)] (G) The Department shall report to the Governor and, subject to § 2-1246 of the State Government Article, to the General Assembly by December 31 of each year on the business entities certified as eligible for tax [credits] BENEFITS in the preceding fiscal year.
11	5-1103.
	(a) Subject to the provisions of this section, the provisions of this subtitle and the tax [credit] BENEFIT authorized under this subtitle shall terminate as of January 1, 2007.
15	(b) (1) The tax [credits] BENEFIT authorized under this subtitle:
	(i) May be claimed only for qualified positions at a newly established or expanded facility that commences operations before January 1, 2006; and
19 20	(ii) May not be earned for any [credit] BENEFIT year beginning or or after January 1, 2007.
23 24	(2) Subject to the limitations under this subtitle, for taxable years beginning on or after January 1, 2007, tax [credits] BENEFITS earned in [credit] BENEFIT years beginning before January 1, 2007, may be allowed ratably over a 2-year period[, may be carried forward,] and are subject to recapture as provided in § 5-1102 of this subtitle.
26	5-1501.
	(a) (6) (iii) "Eligible project costs" does not include any costs incurred by a business entity before notifying the Department of its intent to seek certification as qualifying for the tax [credit] BENEFIT under this section.
30	(7) "Qualified business entity" means a person that:
31 32	$ (v) \qquad \text{Is certified by the Secretary under subsection (e) of this section as qualifying for the tax [credits] BENEFITS under this section. } \\$
	(12) (ii) "Eligible start-up costs" does not include any costs incurred by a business entity before notifying the Department of its intent to seek certification as qualifying for the tax [credit] BENEFIT under this section.

3 4	SUBTRACTION MODIFICAT economic development project	ΓΙΟΝ und in a qual eligible μ	ler this subsection for the costs of an eligible distressed county if the amount of the costs for the eligible economic.
8 9	equals 100% of the eligible pro	ACTION ject costs	o the limitation under subparagraph (ii) of this MODIFICATION allowed under this subsection for the eligible economic development owed with respect to the project for prior
13	the credit allowed under this su tax for the taxable year on the	ubsection qualified	s provided in paragraphs (4) and (5) of this subsection, for any taxable year may not exceed the State business entity's income generated by or under paragraph (3) of this subsection.]
17	taxation under Title 6 of the In	surance A	Article, the State tax for the taxable year on enerated by or arising out of an eligible all the difference between:
19		1.	The State tax without regard to this section; and
		amount	The State tax on the qualified business entity's Maryland of its net income attributable to the eligible
25 26	separate facility, net income at separate accounting method re	tributable flecting o	If an eligible economic development project is a totally to the project shall be determined under the only the gross income, deductions, expenses, atable to the facility and overhead expenses
28 29	expansion to a previously exist		If the eligible economic development project is an ty:
32	determined under the separate	accountii nd losses	Net income attributable to the entire facility shall be ng method reflecting only the gross income, that are directly attributable to the facility he facility; and
36	development project shall be d income of the entire facility to	etermine the eligil	The net income attributable to the eligible economic d by apportioning the separate accounting net ble economic development project by a formula partment of Assessments and Taxation.
	of the Comptroller or the Depa	rtment of	If a qualified business entity can show to the satisfaction Assessments and Taxation that the nature of the business entity are such that it is not





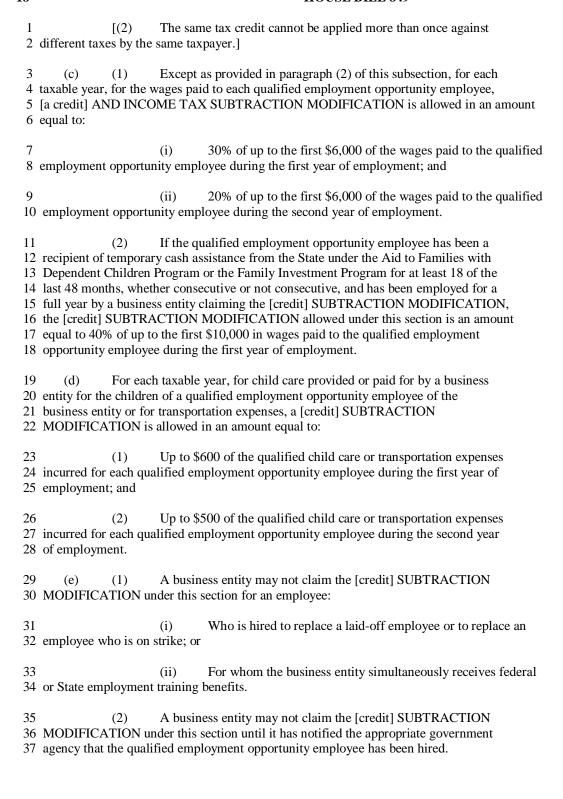


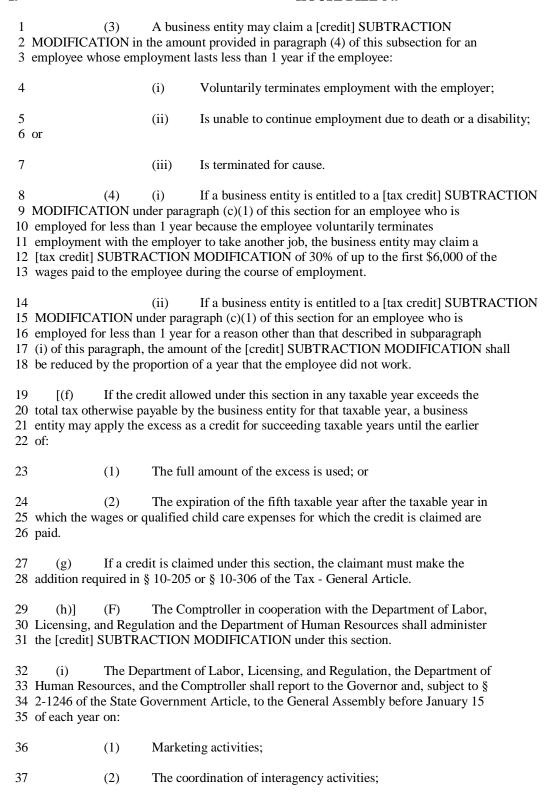
1 2	(3) business entity is:	Operate	es to reduce the income tax revenue from individuals if the
3 4	- General Article; or	(i)	An individual subject to the income tax under Title 10 of the Tax
5 6	the Internal Revenue	(ii) e Code.]	An organization exempt from taxation under § 501(c)(3) or (4) of
9 10 11	the establishment or minimum wage, the apply beginning wi	expansion provision th the taxa	e majority of the qualified positions created as a result of n of a business facility is at least 250% of the federal s of subsections (b)(5) and (c)(4) of this section shall able year after the 2nd taxable year following the diffied business entity locates in a qualified distressed
13		Article	83B - Department of Housing and Community Development
14	4-701.		
15	(c) "Busin	ess entity	" means a person that:
16	(1)	Conduc	cts or operates a trade or business in the State; and
17	(2)	Is subje	ect to[:
18		(i)	The] THE State income tax on individuals or corporations[;
19		(ii)	The financial institution franchise tax;
20		(iii)	The public service company franchise tax; or
21		(iv)	The insurance premiums tax].
22	4-704.		
25		AN INCO	as otherwise provided in this section, a business entity may DME TAX SUBTRACTION MODIFICATION in the amount (b) of this section for contributions to an approved
27 28	[(2) different taxes by the		me tax credit may not be applied more than once against expayer.]
31	THE TOTAL amou	MODIFICA	as provided in paragraph (2) of this subsection, the [credit] ATION allowed under this section equals [50 percent of the] cributions that are approved by the Department under made during the taxable year of the business entity.

	(2) business entity under the business entity[, the		on may n	dit] SUBTRACTION MODIFICATION allowed to a ot exceed[,] \$125,000 for any taxable year of
4			1.	\$125,000; or
5 6	entity for the taxable y	/ear].	2.	The total amount of tax otherwise payable by the business
	under subparagraph (i for succeeding taxable		paragraph	ess credit that would be allowed but for the limitations may be carried over and applied as a credit rlier of:
10			1.	The full amount of the excess is used; or
11 12	year in which the con	tribution	2. was mad	The expiration of the fifth taxable year after the taxable le.]
15	section may not be al	lowed un absection	less the b	TRACTION MODIFICATION allowed under this pusiness entity has applied for and received pepartment for each contribution as to which CATION is claimed.
17	(2)	Each ap	plication	for approval of a contribution shall contain:
18 19	be made;	(i)	The nam	ne of the approved project to which the contribution is to
20		(ii)	The amo	ount of the contribution; and
	certification by an inc nonmonetary contribu		t and unr	Except as provided in subitem 2 of this item, a elated third party as to the value of any
		ess entity	2. y as certif	If the contribution is of new goods, an invoice or receipt fication of the contribution's net cost to the
27 28	(3) contribution if it deter	The Deprmines th	oartment i iat:	may not approve an application for approval of a
	credit] SUBTRACTIO exceeded by the sum			cimum amount of contributions eligible for the [tax ION for that project for the fiscal year will be
32			1.	The amount of the proposed contribution; and
33 34	that project for the fis	cal year;	2. or	The total amount of contributions previously approved to

1 2	contribution include	(ii) ed.	The app	licant has overstated the value of any nonmonetary
5		ssments ar	nd Taxatio contribution	each year, the Department shall report to the on, the Comptroller, and the Maryland ons that the Department has approved under ar.
7	4-705.			
8	(c) (2)	Each ap	proval of	a proposal:
9		(i)	Shall be	in writing; and
	approved project el this subtitle.	(ii) igible for t		te the maximum amount of contributions to the edits] BENEFITS provided under § 4-704 of
	(3) provided under § 4 may not exceed \$2,	-704 of this		ibutions eligible for the tax [credits] BENEFITS for all projects approved for each fiscal year
		of contribu	tions to a	isapproving a proposal, and in determining the n approved project that will be eligible for the r § 4-704 of this subtitle, the Department:
19		(i)	Shall co	nsider:
20 21	projects proposed;		1.	The need for the project in relation to the need for other
22			2.	The anticipated benefit to the priority funding area;
23			3.	The capacity of the applicant to raise funds for the project
24			4.	The readiness of the applicant to proceed with the project;
25 26	proposed;		5.	The ability of the applicant to complete the project as
27			6.	Geographic distribution of projects; and
28			7.	Any other relevant factors;
29 30	revitalization area;	(ii)	May giv	e preference to a proposal that benefits a designated
31 32	and	(iii)	May req	uest data and assistance from other units of the State;

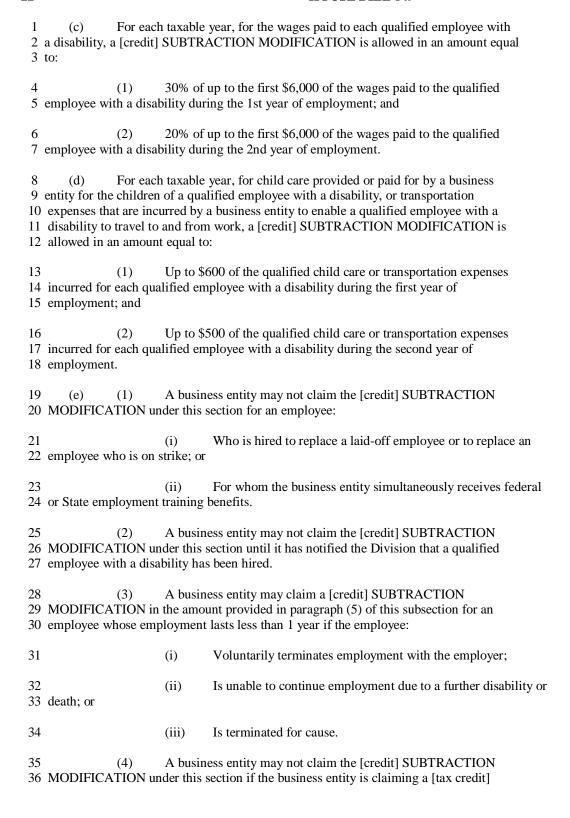
	'	iv) Shall apportion among the approved projects the limit imposed this subsection on the sum of contributions eligible for tax r the fiscal year.
4		Article 88A - Department of Human Resources
5	54.	
6	(a) (1) I	in this section the following words have the meanings indicated.
7	(2) "	Business entity" means:
8 9	Maryland; or	i) A person conducting or operating a trade or business in
10 11	'	ii) An organization operating in Maryland that is exempt from (3) or (4) of the Internal Revenue Code.
	expenses that are incur	Qualified child care expenses" means State regulated child care red by a business entity to enable a qualified employment of the business to be gainfully employed.
17 18 19 20	individual who is a res month period before the recipient of temporary Dependent Children Pr	"Qualified employment opportunity employee" means an ident of Maryland and who for any 3 months during the 18 he individual's employment with a business entity was a cash assistance from the State under the Aid to Families with rogram or the Family Investment Program and who for six vidual's employment with a business entity was a Maryland
24	an individual who is the (a)(1) through (8) of the	"ii) "Qualified employment opportunity employee" does not include the spouse of, or has any of the relationships specified in § 152 the Internal Revenue Code to, a person who controls, directly or 0% of the ownership of the business entity.
		Transportation expenses" means expenses that are incurred by a le a qualified employment opportunity employee to travel to
31	the Internal Revenue C	Wages" means wages, within the meaning of § 51(c)(1), (2), and (3) of Code without regard to § 51(c)(4) of the Internal Revenue Code, ness entity to an employee for services performed in a trade or as entity.
35 36 37	may claim [a tax credit amounts determined ur qualified child care or employment opportuni	Except as provided in subsection (e) of this section, a business entity [AN INCOME TAX SUBTRACTION MODIFICATION in the inder subsections (c) and (d) of this section for the wages and transportation expenses with respect to a qualified ty employee that are paid in the taxable year for which the [credit] SUBTRACTION MODIFICATION.

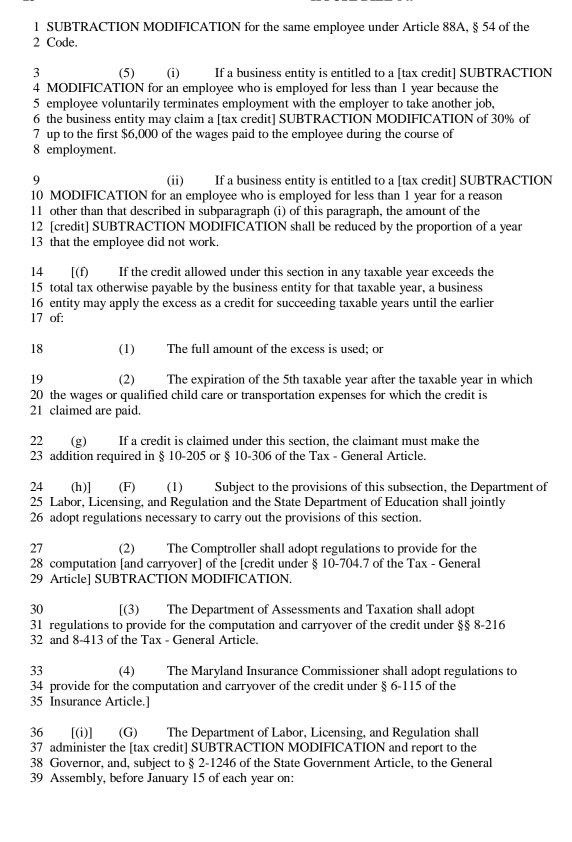




3		s that are	precedin	nber of business entities who hired employment opportunity ag year, including a separate account of the number of from taxation under § 501(c)(3) or (4) of the Internal
5		(4)	The nur	nber of employment opportunity employees:
6			(i)	Hired in each business sector for the preceding year; and
7 8	year;		(ii)	Hired during the preceding year and employed for less than 1
9 10	for the prece	(5) eding yea		nary of the wages paid to employment opportunity employees
13 14 15	as the numb	er and and ATIONS (eligible for	TION MO nount of claimed do not the [cre	al number and amount of job certifications issued and ODIFICATIONS claimed during the preceding year as well job certifications issued and [credits] SUBTRACTION luring the preceding year for employment opportunity edit] SUBTRACTION MODIFICATION granted under on;
			e or trans	nber and amount of [credits] SUBTRACTION MODIFICATIONS portation expenses incurred, including a summary of benses incurred by business entities; and
20		(8)	The nur	nber of employment opportunity employees employed for:
21			(i)	More than 1 year but less than 2 years;
22			(ii)	More than 2 years but less than 3 years; and
23			(iii)	3 years or more.
24				Article - Education
25	21-309.			
26	(a)	(1)	In this s	ection the following words have the meanings indicated.
27		(2)	"Busine	ss entity" means:
28 29	Maryland;	or	(i)	A person conducting or operating a trade or business in
30 31	taxation und	ler § 501	(ii) (c)(3) or	An organization operating in Maryland that is exempt from (4) of the Internal Revenue Code.
32 33	Marvland S	(3) tate Dena		on" means the Division of Rehabilitation Services of the f Education.

1	(4) "Qualified child care or transportation expenses" means:
	(i) State regulated child care expenses that are incurred by a business entity to enable a qualified employee with a disability to be gainfully employed; or
5 6	(ii) Transportation expenses that are incurred by a business entity to enable a qualified employee with a disability to travel to and from work.
7	(5) (i) "Qualified employee with a disability" means an individual who:
8 9	1. Meets the definition of an individual with a disability as defined by the Americans with Disabilities Act;
10 11	2. Has a disability that presently constitutes an impediment to obtaining or maintaining employment or to transitioning from school to work;
12	3. Is ready for employment; and
	4. Has been determined by the Division or the Department of Labor, Licensing, and Regulation, in consultation with the Division, as having met the criteria of a qualified employee with a disability established under this section.
16	(ii) "Qualified employee with a disability" includes:
19	1. An individual who has been determined by the Department of Labor, Licensing, and Regulation, in consultation with the United States Veterans Administration, as having been discharged or released from active duty in the armed forces of the United States for a service-connected disability; and
	2. Any other individual meeting the definition of subparagraph (i) of this paragraph, whether or not the individual receives services from the Division.
26	(6) "Wages" means wages, within the meaning of $\S 51(c)(1)$, (2), and (3) of the Internal Revenue Code without regard to $\S 51(c)(4)$ of the Internal Revenue Code that are paid by a business entity to an employee for services performed in a trade or business of the employer.
30 31 32	(b) [(1)] Except as provided in subsection (e) of this section, a business entity may claim [a tax credit] AN INCOME TAX SUBTRACTION MODIFICATION in the amounts determined under subsections (c) and (d) of this section for the wages and qualified child care or transportation expenses with respect to a qualified employee with a disability that are paid in the taxable year for which the business entity claims the [credit] SUBTRACTION MODIFICATION.
34 35	[(2) The same tax credit cannot be applied more than once against different taxes by the same taxpayer.]



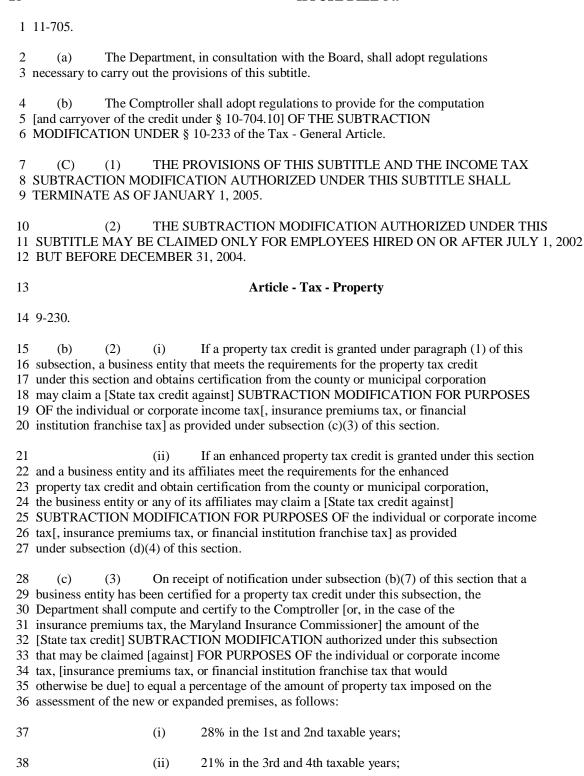


1	(1)	Marketi	ing activities for the credit under this section;
2 3	(2) a disability during t		mber of business entities who hired a qualified employee with ng year;
4	(3)	The nur	mber of qualified employees with disabilities:
5		(i)	Hired in each business sector for the preceding year; and
6 7	year;	(ii)	Hired during the preceding year and employed for less than 1
8 9	(4) with disabilities for		nary of the average hourly wages paid to qualified employees ing year;
10 11	(5) claimed during the		mber and amount of [credits] SUBTRACTION MODIFICATIONS year; and
		are or trans	mber and amount of [credits] SUBTRACTION MODIFICATIONS sportation expenses, including a summary of the types of red by business entities.
15	21-501.		
16 17	(-)		actor at a multicraft construction site may not qualify for the zed under this section for more than 2 students.
	` ' ' ' ' ' ' ' ' ' ' ' ' ' ' ' ' ' ' '	MODIFICA	r for an employer to be eligible to claim a [tax credit] ATION UNDER THIS SECTION, each student must be employed s or more.
23	under a work-based	to 15% of d learning p	oloyer may claim a [tax credit] SUBTRACTION MODIFICATION the wages paid to each student during the taxable year program that has been approved by the Department as SUBTRACTION MODIFICATION under this section.
	(3) under this section t years may not exce	o an emplo	mulative [credit] SUBTRACTION MODIFICATION allowed over in the current taxable year and all previous taxable per student.
30		x otherwise	redit allowed under this subsection in any taxable year e payable by the employer for that taxable year, the d and applied as a credit for succeeding taxable years
32		(i)	The full amount of excess is used; or
33 34	was made.]	(ii)	The expiration of the 5th taxable year in which the contribution

	(d) section shall 2003.			SUBTRACTION MODIFICATION authorized under this or taxable years beginning on or before December 31,	
4	(e)	(1)	The Dep	partment shall adopt regulations to implement this section.	
	process for a [credit] BEN			The regulations adopted under this subsection shall include a ork-based learning programs as qualifying for the tax ection.	
8 9	students appr	roved by	(ii) the Depar	The number of eligible paid work-based learning program rtment may not exceed 1,000 for each taxable year.	
10 11	for certifyin	(3) g employ		ulations adopted under this subsection shall include a process bility for the tax [credit] BENEFIT under this section.	
12 13	under this se	(4) ection to		partment may delegate the approval authority for programs ore private industry councils.	
14				Article - Environment	
15	2-901.				
	6 (b) A business entity may claim [a tax credit] AN INCOME TAX SUBTRACTION 7 MODIFICATION in an amount equal to 50% of the cost of providing the following 8 commuter benefits to the business entity's employees:				
21	9 (1) If provided for the purpose of travel between the employee's residence 0 and place of employment, any portion of the cost of transportation to or from a 1 location in the State in a vehicle or an instrument that is used to offset any portion of 2 the cost of transportation to or from a location in the State in a vehicle:				
23			(i)	With a seating capacity of at least eight adult individuals; and	
24			(ii)	At least 80% of the annual mileage of which is incurred:	
25 26	residences a	nd their j	places of	1. For the purpose of transporting individuals between their employment; and	
27 28	together is a	t least or	e-half of	2. On trips where the number of employees transported that vehicle's adult seating capacity;	
29		(2)	An instr	ument that:	
				Entitles an individual, at no additional cost or at a reduced fare, ocation in the State on a publicly or privately owned a taxi service; or	
33 34	stated in iter	m (i) of tl	(ii) nis item; o	Is redeemable at a transit pass sales outlet for the purpose or	

1		(3)	For an e	mployee who reside	es or works in th	e State:	
2			(i)	A cash in lieu of pa	arking program;	or	
3			(ii)	A guaranteed ride	home.		
4 5	(c) may not exce			TRACTION MODE		owed under this se	ection
8			the busin	lit allowed under the ess entity for that ta this section but afte	xable year, dete	rmined before the	
10 11		(2) t be carri		sed amount of the co any other taxable		section for any tax	able
12				Article - 1	Labor and Emp	oloyment	
13	11-702.						
16	areas of the	State to p	orovide fi to encou	ne pilot program is t delity bonds and to rage the long-term e gram.	qualify business	entities for tax	two
18	11-704.						
21 22	hires a quali subtitle may	fied ex-fo claim [a determin	elon emp tax credi ned under	ed in subsection (c) loyee through the pi t] AN INCOME TA subsection (b) of the	llot program esta XX SUBTRACT	ablished under this TON MODIFICA	S
24 25	(-)			year, for the wages CTION MODIFICA			qual to:
26 27		(1) ployee di		up to the first \$6,00 first year of employ		aid to the qualifie	d
28 29		(2) ployee du		up to the first \$6,00 second year of emp		aid to the qualifie	d
30 31	` /	(1) TION ur		ess entity may not c ection for an emplo		SUBTRACTION	ĺ
32 33	employee w	ho is on	(i) strike; or	who is hired to rep	lace a laid off er	mployee or to repl	ace an

1 2	State employment train	(11) ining ben	for whom the business entity simultaneously receives federal or efits.		
	(2) A business entity may not claim the [credit] SUBTRACTION MODIFICATION under this section until it has notified the Department that a qualified ex-felon employee has been hired.				
		the amou	ess entity may claim a [credit] SUBTRACTION nt provided in paragraph (5) of this subsection for an lasts less than 1 year if the employee:		
9		(i)	voluntarily terminates employment with the employer;		
10 11	or	(ii)	is unable to continue employment due to a disability or death;		
12		(iii)	is terminated for cause.		
15		der this s ODIFICA	ess entity may not claim the [credit] SUBTRACTION section if the business entity is claiming a [tax credit] TION for the same employee under Article 88A, § 54 of the ation Article.		
19 20 21	employee voluntarily the business entity m	terminat ay claim	If a business entity is entitled to a [tax credit] SUBTRACTION loyee who is employed for less than 1 year because the es employment with the employer to take another job, a [tax credit] SUBTRACTION MODIFICATION of 30% of ages paid to the employee during the course of		
25 26	3 (ii) If a business entity is entitled to a [tax credit] SUBTRACTION 4 MODIFICATION for an employee who is employed for less than 1 year for a reason 5 other than that described in subparagraph (i) of this paragraph, the amount of the 6 [credit] SUBTRACTION MODIFICATION shall be reduced by the proportion of a year 7 that the employee did not work.				
30	total tax otherwise pa	yable by	yed under this section in any taxable year exceeds the the business entity for that taxable year, a business a credit for succeeding taxable years until the earlier		
32	(1)	the full a	amount of the excess is used; or		
33 34	(2) which the wages for		ration of the fifth taxable year after the taxable year in e credit is claimed are paid.		
35 36			ned under this section, the claimant must make the or § 10-306 of the Tax - General Article.]		



37

[(k)]

38 provide, by law, for:

(G)

1 (iii) 14% in the 5th and 6th taxable years; and 2 (iv) 0% for each taxable year thereafter. 3 (d) On receipt of notification under subsection (b)(7) of this section that a (5) 4 business entity has been certified for an enhanced property tax credit under this subsection, the Department shall compute and certify to the Comptroller [or, in the 6 case of the insurance premiums tax, the Maryland Insurance Commissioner] the amount of the [State tax credit] SUBTRACTION MODIFICATION authorized under this 8 subsection that may be claimed by the business entity or any of its affiliates 9 [against] FOR PURPOSES OF the individual or corporate income tax, [insurance 10 premiums tax, or financial institution franchise tax that would otherwise be due] to 11 equal 31.5% of the amount of property tax imposed on the increase in assessment of 12 the real and personal property described in paragraph (4)(ii) of this subsection for 13 each of the first 12 taxable years for which the [credit] SUBTRACTION 14 MODIFICATION is allowed. 15 The same State tax credit cannot be applied more than once against [(e) 16 different taxes by the same taxpayer.] 17 If the State tax credit allowed under this section in any taxable year [(f)]18 exceeds the total tax otherwise payable by the business entity for that taxable year, a 19 business entity or its affiliates may apply the excess as a credit for succeeding taxable 20 years until the earlier of: 21 (1) the full amount of the excess is used; or 22 the expiration of the 5th taxable year after the taxable year in which (2) 23 the State tax credit is claimed.] 24 The Maryland Insurance Commissioner shall adopt regulations to provide 25 for the computation, carryover, and recapture of the State tax credit under § 6-116 of 26 the Insurance Article.] 27 The Department shall adopt regulations to provide for the computation, 28 carryover, and recapture of the State tax credit under § 8-217 of the Tax - General 29 Article.] 30 The Comptroller shall adopt regulations to provide for the [(i)](E) 31 computation[, carryover,] and recapture of the [State tax credit] SUBTRACTION 32 MODIFICATION under [§ 10-704.8] § 10-231 of the Tax - General Article. The lessor of real property eligible for property tax credits under this 33 [(i)]34 section shall reduce by the amount of the property tax credits computed under this 35 section the amount of taxes for which the eligible business entity is contractually 36 liable under the lease agreement.

The governing body of the county or municipal corporation shall

1 2	(1) under this section;	the specific requirements for eligibility for a tax credit authorized			
3	(2)	any additional limitations on eligibility for the credit;			
		the information to be supplied by the business entity to a county or and the Comptroller to verify that the business entity is not [(1)] (H) of this section; and			
7	(4)	any other provision appropriate to implement the credit.			
		All credits AND SUBTRACTION MODIFICATIONS claimed under this ear shall be recaptured if, during the 3 taxable years succeeding nich a credit was claimed:			
		the employment level or square footage of a business entity at the the applicable thresholds required to qualify for the property tax on (c) of this section; or			
16		For the enhanced property tax credit, the employment level or square entity, together with its affiliates, at the premises falls below the required to qualify for the enhanced property tax credit under section.			
	8 [(m)] (I) On October 1 of each year, each county and municipal corporation 9 that has granted tax credits under this section shall report to the Department, the Department of Business and Economic Development, and the Comptroller:				
21	(1)	the amount of each credit granted for that year; and			
22 23	(2) for the tax credit.	whether the business entity is in compliance with the requirements			
26		(1) After a business entity has complied with all the requirements on and in any applicable local law for a particular tax credit, the see entitled to claim the credits for the term provided in this			
30		No abrogation of this law or law hereinafter enacted that eliminates dits available under this section shall apply to any business business entity that qualified for the tax credits before the law or abrogation.			
32		Article - Tax - General			
33	10-208.				
34 35	` '	BTRACTION UNDER THIS SECTION INCLUDES THE SUBTRACTIONS PART V OF THIS SUBTITLE.			

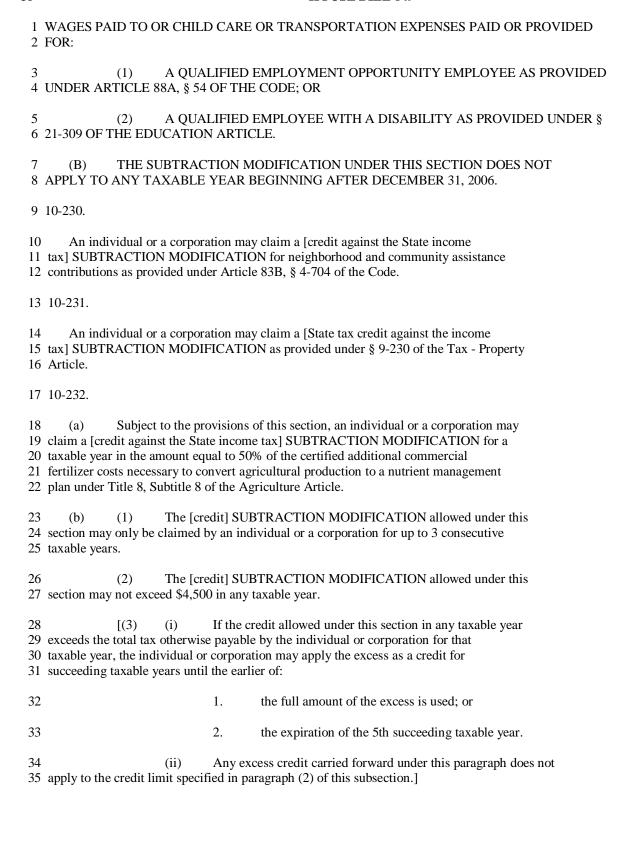
1 10-218.

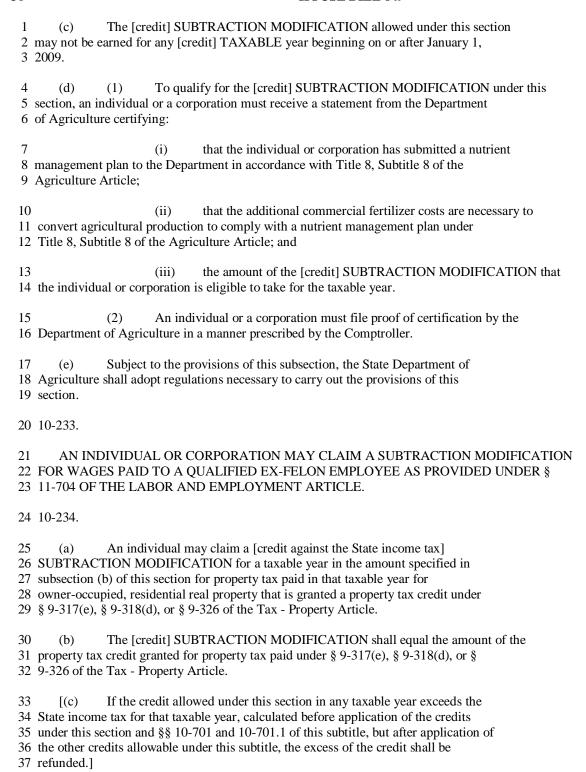
4 (1) limited and reduced as required under the Internal Revenue Code; 5 AND 6 [(2) further reduced by any amount deducted under § 170 of the Internal 7 Revenue Code for contributions of a preservation or conservation easement for which 8 a credit is claimed under § 10-723 of this title; and] 9 [(3)] (2) further reduced by the amount claimed as taxes on income paid 10 to a state or political subdivision of a state, after subtracting a pro rata portion of the 11 reduction to itemized deductions required under § 68 of the Internal Revenue Code. 12 PART V. ADDITIONAL ADJUSTMENTS TO DETERMINE MARYLAND TAXABLE INCOM 13 10-226. 14 (b) (1) Any business entity that is located in an enterprise zone and satisfies 15 the requirements of Article 83A, § 5-404 of the Code may claim [a credit only against 16 the State income tax] A SUBITRACTION MODIFICATION for the wages specified in 17 subsections (c) and (d) of this section that are paid in the taxable year for which the 8 entity claims the [credit] SUBTRACTION MODIFICATION for the wages specified in 12 state income tax] SUBTRACTION MODIFICATION for the wages specified in 23 subsection (e) of this section that are paid to a focus area and satisfies the 24 requirements of Article 83A, § 5-404 of the Code may claim a [credit only against the 25 subsection (e) of this section that are paid to a focus area amployee in the taxable year 26 of the Internal Revenue Code may apply the credit under this section as a credit 27 against income tax due on unrelated business taxable income as provided under § \$ 10-304 and 10-812 of this title.] 28 (c) If a business entity does not claim an enhanced [tax credit] SUBTRACTION 29 MODIFICATION under subsection (e) of this section for a focus area employee, for the 30 taxable year in which a business entity satisfies the requirements of Article 83A, § 31 5-404 of the Code, a [credit] SUBTRACTION MODIFICATION is allowed that equals: 32 (1) up to \$3,000 of the wages paid to each qualified employee who: 33 (i) is an econo	2 3	(b) An individual who elects to itemize deductions is allowed as a deduction the sum of the individual's federal itemized deductions:
7 Revenue Code for contributions of a preservation or conservation easement for which 8 a credit is claimed under § 10-723 of this title; and] 9 [(3)] (2) further reduced by the amount claimed as taxes on income paid 10 to a state or political subdivision of a state, after subtracting a pro rata portion of the 11 reduction to itemized deductions required under § 68 of the Internal Revenue Code. 12 PART V. ADDITIONAL ADJUSTMENTS TO DETERMINE MARYLAND TAXABLE INCOM 13 10-226. 14 (b) (1) Any business entity that is located in an enterprise zone and satisfies 15 the requirements of Article 83A, § 5-404 of the Code may claim [a credit only against 16 the State income tax] A SUBTRACTION MODIFICATION for the wages specified in 17 subsections (e) and (d) of this section that are paid in the taxable year for which the 18 entity claims the [credit] SUBTRACTION MODIFICATION. 19 (2) A business entity that is located in a focus area and satisfies the 20 requirements of Article 83A, § 5-404 of the Code may claim a [credit only against the 21 State income tax] SUBTRACTION MODIFICATION for the wages specified in 22 subsection (e) of this section that are paid to a focus area amployee in the taxable year 3 for which the entity claims the [credit] SUBTRACTION MODIFICATION of the wages specified in 22 subsection (e) of this section that are paid to a focus area employee in the taxable year 3 for which the entity claims the [credit] SUBTRACTION MODIFICATION. 24 [(3) An organization that is exempt from taxation under § 501(c)(3) or (4) 25 of the Internal Revenue Code may apply the credit under this section as a credit 2 against income tax due on unrelated business taxable income as provided under § 51 (c) If a business entity statisfies the requirements of Article 83A, § 3 5-404 and 10-812 of this title.] 28 (c) If a business entity does not claim an enhanced [tax credit] SUBTRACTION MODIFICATION is allowed that equals: 5-404 of the Code, a [credit] SUBTRACTION MODIFICATION is allowed that equals: 5-404 of the Code, a [credit		
10 to a state or political subdivision of a state, after subtracting a pro rata portion of the 11 reduction to itemized deductions required under § 68 of the Internal Revenue Code. 12 PART V. ADDITIONAL ADJUSTMENTS TO DETERMINE MARYLAND TAXABLE INCON 13 10-226. 14 (b) (1) Any business entity that is located in an enterprise zone and satisfies 15 the requirements of Article 83A, § 5-404 of the Code may claim [a credit only against 16 the State income tax] A SUBTRACTION MODIFICATION for the wages specified in 17 subsections (c) and (d) of this section that are paid in the taxable year for which the 18 entity claims the [credit] SUBTRACTION MODIFICATION. 19 (2) A business entity that is located in a focus area and satisfies the 20 requirements of Article 83A, § 5-404 of the Code may claim a [credit only against the 21 State income tax] SUBTRACTION MODIFICATION for the wages specified in 22 subsection (e) of this section that are paid to a focus area employee in the taxable year 23 for which the entity claims the [credit] SUBTRACTION MODIFICATION. 24 [(3) An organization that is exempt from taxation under § 501(c)(3) or (4) 25 of the Internal Revenue Code may apply the credit under this section as a credit 26 against income tax due on unrelated business taxable income as provided under §§ 27 10-304 and 10-812 of this title.] 28 (c) If a business entity does not claim an enhanced [tax credit] SUBTRACTION 29 MODIFICATION under subsection (e) of this section for a focus area employee, for the 30 taxable year in which a business entity satisfies the requirements of Article 83A, § 31 5-404 of the Code, a [credit] SUBTRACTION MODIFICATION is allowed that equals: 32 (1) up to \$3,000 of the wages paid to each qualified employee who: 33 (i) is an economically disadvantaged individual; and 34 (ii) is not hired to replace an individual whom the business entity 35 employed in that or any of the 3 preceding taxable years; and	7	Revenue Code for contributions of a preservation or conservation easement for which
13 10-226. 14 (b) (1) Any business entity that is located in an enterprise zone and satisfies 15 the requirements of Article 83A, § 5-404 of the Code may claim [a credit only against 16 the State income tax] A SUBTRACTION MODIFICATION for the wages specified in 17 subsections (c) and (d) of this section that are paid in the taxable year for which the 18 entity claims the [credit] SUBTRACTION MODIFICATION. 19 (2) A business entity that is located in a focus area and satisfies the 20 requirements of Article 83A, § 5-404 of the Code may claim a [credit only against the 21 State income tax] SUBTRACTION MODIFICATION for the wages specified in 22 subsection (e) of this section that are paid to a focus area employee in the taxable year 23 for which the entity claims the [credit] SUBTRACTION MODIFICATION. 24 [(3) An organization that is exempt from taxation under § 501(c)(3) or (4) 25 of the Internal Revenue Code may apply the credit under this section as a credit 26 against income tax due on unrelated business taxable income as provided under §§ 27 10-304 and 10-812 of this title.] 28 (c) If a business entity does not claim an enhanced [tax credit] SUBTRACTION 29 MODIFICATION under subsection (e) of this section for a focus area employee, for the 30 taxable year in which a business entity satisfies the requirements of Article 83A, § 31 5-404 of the Code, a [credit] SUBTRACTION MODIFICATION is allowed that equals: 32 (1) up to \$3,000 of the wages paid to each qualified employee who: 33 (i) is an economically disadvantaged individual; and 34 (ii) is not hired to replace an individual whom the business entity 35 employed in that or any of the 3 preceding taxable years; and	10	to a state or political subdivision of a state, after subtracting a pro rata portion of the
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15 the requirements of Article 83A, § 5-404 of the Code may claim [a credit only against 16 the State income tax] A SUBTRACTION MODIFICATION for the wages specified in subsections (c) and (d) of this section that are paid in the taxable year for which the entity claims the [credit] SUBTRACTION MODIFICATION. 19 (2) A business entity that is located in a focus area and satisfies the requirements of Article 83A, § 5-404 of the Code may claim a [credit only against the State income tax] SUBTRACTION MODIFICATION for the wages specified in subsection (e) of this section that are paid to a focus area employee in the taxable year 3 for which the entity claims the [credit] SUBTRACTION MODIFICATION. 24 [(3) An organization that is exempt from taxation under § 501(c)(3) or (4) of the Internal Revenue Code may apply the credit under this section as a credit against income tax due on unrelated business taxable income as provided under §§ 10-304 and 10-812 of this title.] 28 (c) If a business entity does not claim an enhanced [tax credit] SUBTRACTION MODIFICATION under subsection (e) of this section for a focus area employee, for the taxable year in which a business entity satisfies the requirements of Article 83A, § 3 5-404 of the Code, a [credit] SUBTRACTION MODIFICATION is allowed that equals: 20 (1) up to \$3,000 of the wages paid to each qualified employee who: 31 (i) is an economically disadvantaged individual; and 32 (ii) is not hired to replace an individual whom the business entity employed in that or any of the 3 preceding taxable years; and	13	10-226.
20 requirements of Article 83A, § 5-404 of the Code may claim a [credit only against the 21 State income tax] SUBTRACTION MODIFICATION for the wages specified in 22 subsection (e) of this section that are paid to a focus area employee in the taxable year 23 for which the entity claims the [credit] SUBTRACTION MODIFICATION. 24	15 16 17	the requirements of Article 83A, § 5-404 of the Code may claim [a credit only against the State income tax] A SUBTRACTION MODIFICATION for the wages specified in subsections (c) and (d) of this section that are paid in the taxable year for which the
of the Internal Revenue Code may apply the credit under this section as a credit against income tax due on unrelated business taxable income as provided under §§ 10-304 and 10-812 of this title.] (c) If a business entity does not claim an enhanced [tax credit] SUBTRACTION MODIFICATION under subsection (e) of this section for a focus area employee, for the taxable year in which a business entity satisfies the requirements of Article 83A, § 5-404 of the Code, a [credit] SUBTRACTION MODIFICATION is allowed that equals: (1) up to \$3,000 of the wages paid to each qualified employee who: (i) is an economically disadvantaged individual; and (ii) is not hired to replace an individual whom the business entity employed in that or any of the 3 preceding taxable years; and	20 21 22	requirements of Article 83A, § 5-404 of the Code may claim a [credit only against the State income tax] SUBTRACTION MODIFICATION for the wages specified in subsection (e) of this section that are paid to a focus area employee in the taxable year
29 MODIFICATION under subsection (e) of this section for a focus area employee, for the 30 taxable year in which a business entity satisfies the requirements of Article 83A, § 31 5-404 of the Code, a [credit] SUBTRACTION MODIFICATION is allowed that equals: 32 (1) up to \$3,000 of the wages paid to each qualified employee who: 33 (i) is an economically disadvantaged individual; and 34 (ii) is not hired to replace an individual whom the business entity 35 employed in that or any of the 3 preceding taxable years; and	25 26	of the Internal Revenue Code may apply the credit under this section as a credit against income tax due on unrelated business taxable income as provided under §§
33 (i) is an economically disadvantaged individual; and 34 (ii) is not hired to replace an individual whom the business entity 35 employed in that or any of the 3 preceding taxable years; and	29 30	MODIFICATION under subsection (e) of this section for a focus area employee, for the taxable year in which a business entity satisfies the requirements of Article 83A, §
34 (ii) is not hired to replace an individual whom the business entity 35 employed in that or any of the 3 preceding taxable years; and	32	(1) up to \$3,000 of the wages paid to each qualified employee who:
35 employed in that or any of the 3 preceding taxable years; and	33	(i) is an economically disadvantaged individual; and
36 up to \$1,000 of the wages paid to each qualified employee who:		· /
	36	(2) up to \$1,000 of the wages paid to each qualified employee who:

1	(i) is not an economically disadvantaged individual; and	
2 3	(ii) is not hired to replace an individual whom the business entity employed in that or any of the 3 preceding taxable years.	
6 7	(d) (1) If a business entity does not claim an enhanced [tax credit] SUBTRACTION MODIFICATION under subsection (e) of this section for a focus area employee, for each taxable year after the taxable year described in subsection (c) of this section, while the area is designated an enterprise zone, a [credit] SUBTRACTION MODIFICATION is allowed that equals:	
9	(i) up to \$3,000 of the wages paid to each qualified employee who:	
10	1. is an economically disadvantaged individual;	
11 12	became a qualified employee during the taxable year to which the credit applies; and	
13 14	3. is not hired to replace an individual whom the business entity employed in that or any of the 3 preceding taxable years;	
17	(ii) up to $$2,000$ of the wages paid to each qualified employee who is an economically disadvantaged individual, if the business entity received a credit under subsection (c)(1) of this section for the qualified employee in the immediately preceding taxable year; and	
	(iii) up to \$1,000 of the wages paid to each qualified employee who is not hired to replace an individual whom the business entity employed in that or any of the 3 preceding taxable years if the qualified employee:	
24	1. is an economically disadvantaged individual for whom the business entity received a credit under subsection $(c)(1)$ of this section or item (i) of this paragraph and a credit under item (ii) of this paragraph in the 2 immediately preceding taxable years; or	
26 27	2. is not an economically disadvantaged individual but became a qualified employee during the taxable year to which the credit applies.	
30 31 32 33 34	(2) A business entity that hires a qualified employee to replace another qualified employee for whom the business entity received a [credit] SUBTRACTION MODIFICATION under subsection (c)(1) of this section and paragraph (1)(ii) of this subsection in the immediately preceding taxable year may treat the new qualified employee as the replacement for the other qualified employee to determine any [credit] SUBTRACTION MODIFICATION that may be available to the business entity under paragraph (1)(ii) or (iii) of this subsection. (e) (1) For the taxable year in which a business entity satisfies the requirements of Article 83A, §§ 5-402(k) and 5-404 of the Code, a [credit]	
	SUBTRACTION MODIFICATION is allowed that equals:	

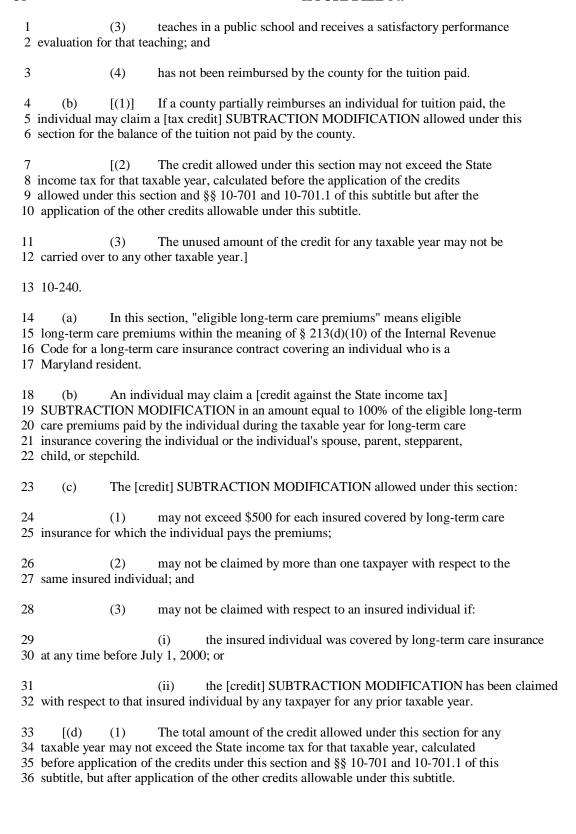
1	(i)	up to \$4	1,500 of the wages paid to each focus area employee who:
2		1.	is an economically disadvantaged individual; and
3	entity employed in that year or	2. any of the	is not hired to replace an individual whom the business ne 3 preceding taxable years; and
5	(ii)	up to \$1	,500 of the wages paid to each focus area employee who:
6		1.	is not an economically disadvantaged individual; and
7 8	entity employed in that year or	2. any of the	is not hired to replace an individual whom the business ne 3 preceding taxable years.
		e area is	year after the taxable year described in paragraph designated a focus area, a [credit] allowed that equals:
12	(i)	up to \$4	1,500 of the wages paid to each focus area employee who:
13		1.	is an economically disadvantaged individual;
14 15	which the [credit] SUBTRAC	2. TION M	became a focus area employee during the taxable year to ODIFICATION applies; and
16 17	entity employed in that year o	3. r any of t	is not hired to replace an individual whom the business he 3 preceding taxable years;
20		ged indiv	3,000 of the wages paid to each focus area employee who vidual, if the business entity received a [credit] nder paragraph (1)(i) of this subsection for the focus eding taxable year; and
	(iii) is not hired to replace an indivor any of the 3 preceding taxa	idual wh	,500 of the wages paid to each focus area employee who com the business entity employed in that year if the focus area employee:
			is an economically disadvantaged individual for whom the TRACTION MODIFICATION under item (ii) of eceding taxable years and under:
28		A.	paragraph (1)(i) of this subsection; or
29		B.	item (i) of this paragraph; or
	became a focus area employee SUBTRACTION MODIFICA		is not an economically disadvantaged individual but the taxable year to which the [credit] oplies.
33 34			that hires a focus area employee to replace another iness entity received a [credit] SUBTRACTION

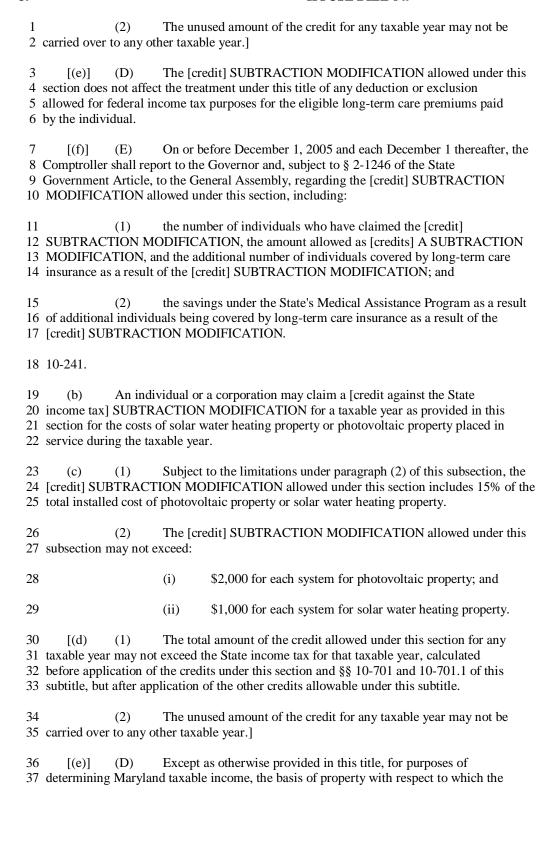
- 1 MODIFICATION under paragraph (1)(i) of this subsection and paragraph (2)(ii) of this 2 subsection in the immediately preceding taxable year may treat the focus area 3 employee as the replacement for the other focus area employee to determine any 4 [credit] SUBTRACTION MODIFICATION that may be available to the business entity 5 under paragraph (2)(ii) or (iii) of this subsection.
- 6 [(f) If the credit allowed under this section in any taxable year exceeds the 7 State income tax for that taxable year, a business entity may apply the excess as a 8 credit against the State income tax for succeeding taxable years until the earlier of:
- 9 (1) the full amount of the excess is used; or
- 10 (2) the expiration of the 5th taxable year from the date on which the 11 business entity hired the qualified employee to whom the credit first applies.]
- 12 [(g) If a credit is claimed under this section, the claimant must make the 13 addition required in § 10-205, § 10-206, or § 10-306 of this title.]
- 14 10-227.
- 15 (b) This section [does not apply] APPLIES ONLY to:
- 16 (1) a cogenerator or electricity supplier that is subject to the public 17 service company franchise tax; or
- 18 (2) an electricity supplier that, before July 1, 1999, was [not] an electric
- 19 company as defined in § 1-101 of the Public Utility Companies Article as in effect on
- 20 June 30, 1999[, unless the electricity supplier] OR is an affiliate of such an electric
- 21 company.
- 22 (c) A cogenerator or electricity supplier may claim a [credit] SUBTRACTION
- 23 MODIFICATION against the State income tax in the amount of \$3 for each ton of
- 24 Maryland-mined coal that the cogenerator or electricity supplier purchased in the
- 25 taxable year.
- 26 [(d) (1) A cogenerator or electricity supplier may only apply the credit 27 against the State income tax for the taxable year in which the credit was earned.
- 28 (2) The amount of the credit may not exceed the State income tax for 29 that taxable year.]
- 30 10-228.
- 31 An individual or a corporation may claim a [credit against the income tax]
- 32 SUBTRACTION MODIFICATION for wages paid to qualified employees as provided
- 33 under Article 83A, § 5-1102 of the Code.
- 34 10-229.
- 35 (A) EXCEPT AS PROVIDED IN SUBSECTION (B) OF THIS SECTION, AN
- 36 INDIVIDUAL OR CORPORATION MAY CLAIM A SUBTRACTION MODIFICATION FOR



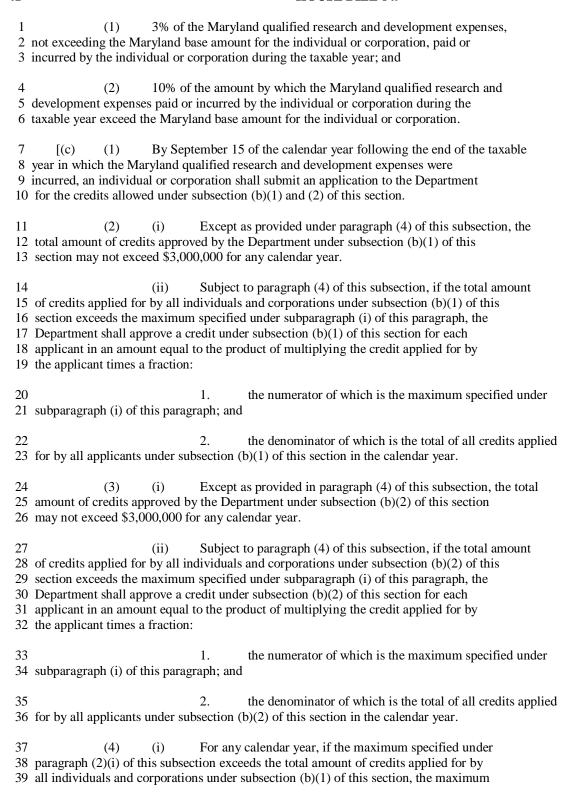


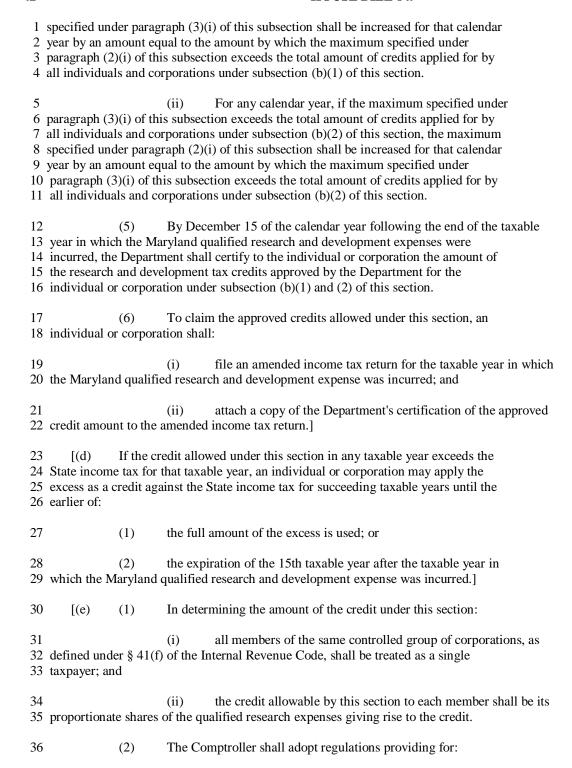
- 1 10-235.
- 2 (A) IN THIS SECTION, "LONG-TERM CARE INSURANCE" HAS THE MEANING 3 STATED IN § 18-101 OF THE INSURANCE ARTICLE.
- 4 (B) (1) SUBJECT TO THE LIMITATION UNDER PARAGRAPH (2) OF THIS
- 5 SUBSECTION, AN EMPLOYER MAY CLAIM A SUBTRACTION MODIFICATION IN AN
- 6 AMOUNT EQUAL TO 5% OF THE COSTS INCURRED BY THE EMPLOYER DURING THE
- 7 TAXABLE YEAR TO PROVIDE LONG-TERM CARE INSURANCE AS PART OF AN
- 8 EMPLOYEE BENEFIT PACKAGE.
- 9 (2) THE SUBTRACTION MODIFICATION ALLOWED UNDER THIS SECTION 10 MAY NOT EXCEED THE LESSER OF:
- 11 (I) \$5,000; OR
- 12 (II) \$100 FOR EACH EMPLOYEE IN THE STATE COVERED BY
- 13 LONG-TERM CARE INSURANCE PROVIDED UNDER THE EMPLOYEE BENEFIT
- 14 PACKAGE.
- 15 10-236.
- An individual or corporation may claim a [credit against the State income tax]
- 17 SUBTRACTION MODIFICATION for wages paid to each student under an approved paid
- 18 work-based learning program as provided under § 21-501 of the Education Article.
- 19 10-237.
- 20 An individual or corporation may claim a [credit against the State income tax]
- 21 SUBTRACTION MODIFICATION for One Maryland project costs and start-up costs as
- 22 provided under Article 83A, § 5-1501(b) and (c) of the Code.
- 23 10-238.
- 24 AN INDIVIDUAL OR CORPORATION MAY CLAIM A SUBTRACTION MODIFICATION
- 25 FOR THE COST OF PROVIDING COMMUTER BENEFITS TO THE BUSINESS ENTITY'S
- 26 EMPLOYEES AS PROVIDED UNDER § 2-901 OF THE ENVIRONMENT ARTICLE.
- 27 10-239.
- 28 (a) An individual who is a classroom teacher holding a standard professional
- 29 certificate or an advanced professional certificate may claim a [credit against the
- 30 State income tax] SUBTRACTION MODIFICATION for up to \$1,500 of tuition paid by
- 31 the individual during the taxable year for graduate level courses required to maintain
- 32 certification if the individual:
- 33 (1) successfully completes the courses with a grade of B or better;
- 34 (2) is employed by a county board of education;



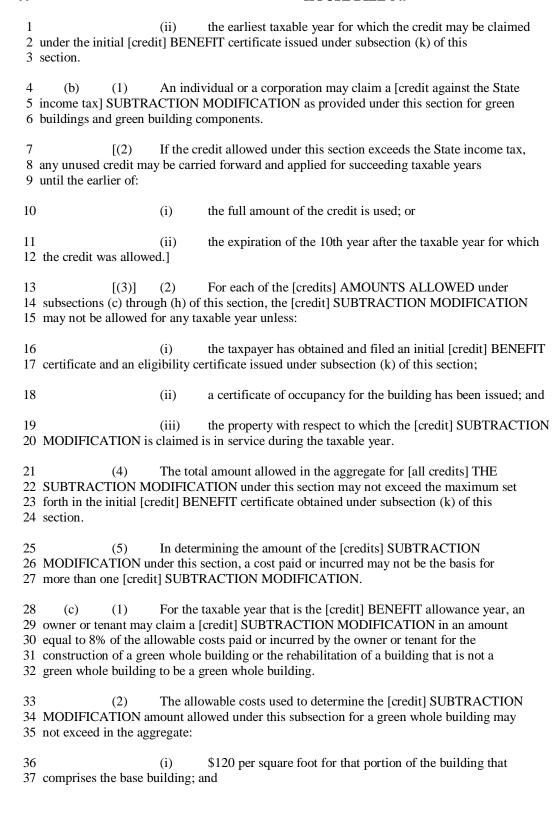


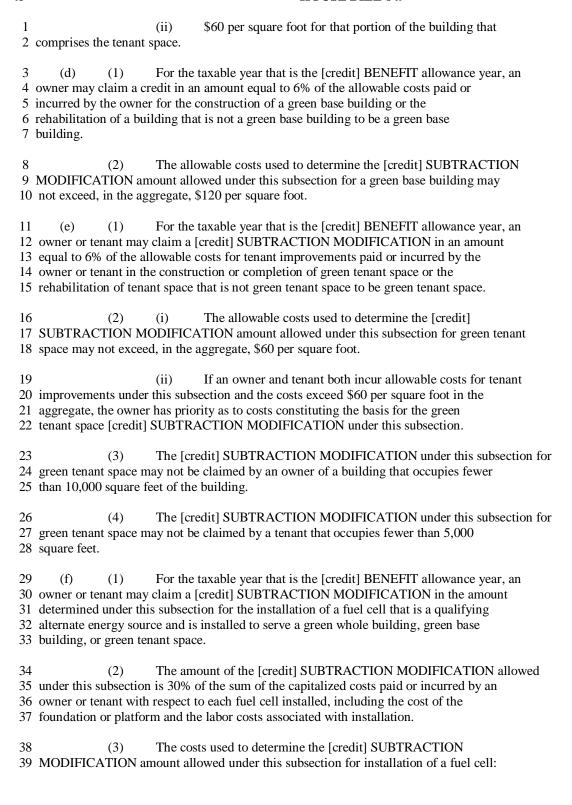
	[credit] SUBTRACTION MODIFICATION under this section is allowed shall be its basis for federal income tax purposes.			
3	[(f)] not be claime	(E) ed for pro	The [credit] SUBTRACTION MODIFICATION under this section may operty placed in service:	
5		(1)	before July 1, 2000; or	
6		(2)	after December 31, 2004.	
7	10-242.			
10	(b) (1) Except as provided in paragraph (2) of this subsection, an individual or corporation may claim a [credit] SUBTRACTION MODIFICATION against the State income tax for a taxable year in an amount equal to 0.85 cents for each kilowatt hour of electricity:			
12 13		a qualific	(i) produced by the individual or corporation from qualified energy ed Maryland facility during the 10-year period beginning on:	
14			1. the date the facility was originally placed in service; or	
		ergy reso	2. in the case of a facility that produces electricity from a urce that is co-fired with coal, the date of the initial co-firing;	
	related perso taxable year		(ii) sold by the individual or corporation to a person other than a the meaning of § 45 of the Internal Revenue Code, during the	
23	(2) If the electricity is produced from a qualified energy resource that is co-fired at a facility that produces electricity from coal, the [credit] SUBTRACTION MODIFICATION is 0.5 cents for each kilowatt hour of electricity produced from the qualified energy resource instead of 0.85 cents.			
	L(·)	it may be	edit allowed under this section exceeds the State income tax, any carried forward and applied for succeeding taxable years until	
28		(1)	the full amount of the credit is used; or	
29 30	which the cr	(2) redit aros	the expiration of the 10th taxable year after the taxable year in e.]	
31	10-243.			
	(b) may claim [an amount e	credits] A	to the limitations of this section, an individual or a corporation A SUBTRACTION MODIFICATION against the State income tax in	



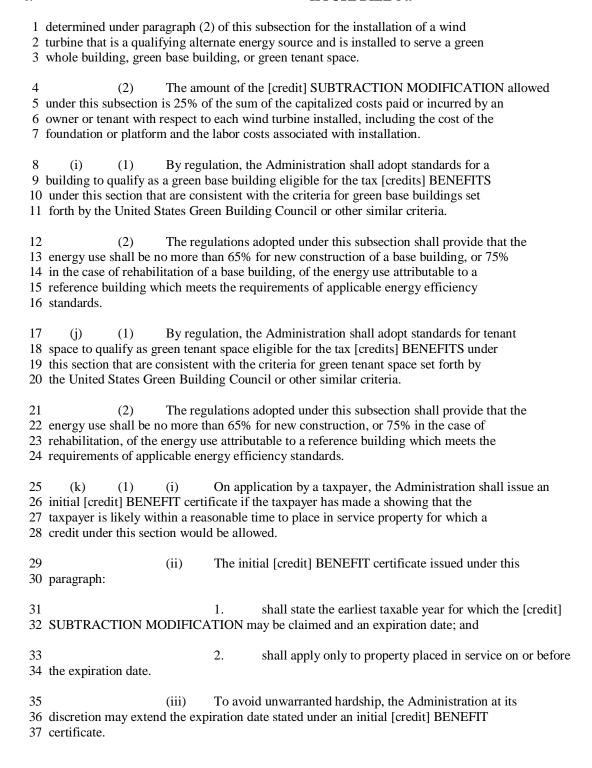


	the case of trades control;	(i) s or businesses	determination of the amount of the credit under this section in s, whether or not incorporated, that are under common
4 5	and trusts, partne	(ii) erships, uninco	pass-through and allocation of the credit in the case of estates or porated trades or businesses, and S corporations;
6 7	described in § 41	(iii) (f)(3) of the I	adjustments in the case of acquisitions and dispositions nternal Revenue Code; and
8		(iv)	determination of the credit in the case of short taxable years.
		ciples similar	ulations adopted under paragraph (2) of this subsection shall to the principles applicable under § 41 of the Internal s adopted thereunder.]
14	the Comptroller when research of	jointly shall a or developmen	The Department of Business and Economic Development and dopt regulations to prescribe standards for determining t is considered conducted in the State for purposes of FRACTION MODIFICATION under this section.
16 17	(2) the Comptroller		ting regulations under this subsection, the Department and :
18		(i)	the location where services are performed;
19 20	performing serv	(ii) ices;	the residence or business location of the person or persons
21 22	are consumed; a	(iii) and	the location where supplies used in research and development
23 24	for the determin	(iv) ation.	any other factors that the Department determines are relevant
25 26	(3) APPLY TO AN		UBTRACTION MODIFICATION UNDER THIS SECTION DOES NOT EYEAR BEGINNING AFTER DECEMBER 31, 2004.
27	10-244.		
28	(a) (7)	"[Credit	BENEFIT allowance year" means the later of:
29		(i)	the taxable year during which:
30 31	which the credit	allowed unde	1. the property, construction, completion, or rehabilitation on er this section is based is originally placed in service; or
32 33	constitutes a qua	alifying altern	2. a fuel cell, wind turbine, or photovoltaic module ate energy source and is fully operational; or





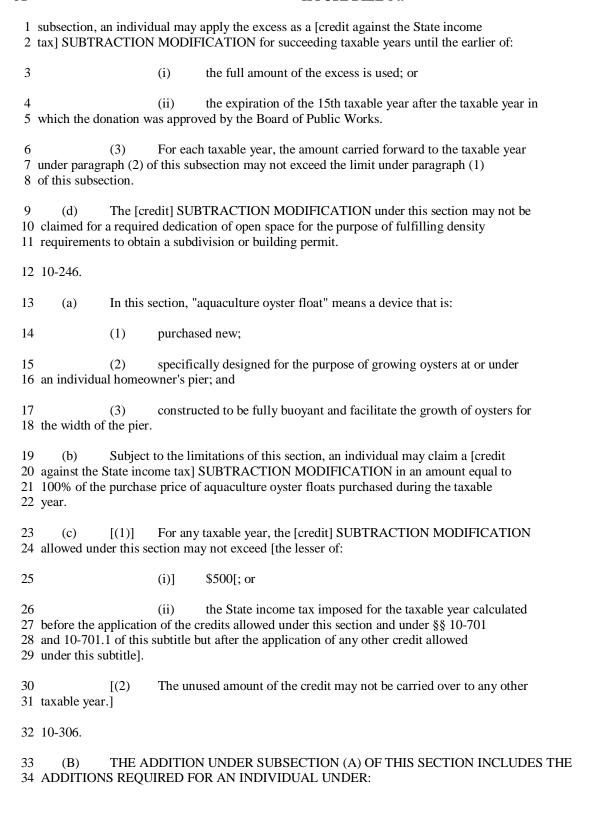
1 2	(i) capacity of the fuel cell; and	may not exceed \$1,000 per kilowatt of installed DC rated
3 4	grant:	shall be reduced by the amount of any federal, State, or local
5 6	installation of the fuel cell; and	1. received by the taxpayer and used for the purchase or
7		2. not included in the federal gross income of the taxpayer
10 11	owner or tenant may claim a [o subsection for the installation	taxable year that is the [credit] BENEFIT allowance year, an credit] BENEFIT in the amount determined under this of photovoltaic modules that constitute a qualifying e installed to serve a green whole building, green base e.
13 14	(2) The amounder this subsection is:	ount of the [credit] SUBTRACTION MODIFICATION allowed
15 16	(i) tenant for building-integrated	20% of the incremental cost paid or incurred by an owner or photovoltaic modules; and
	(ii) including the cost of the found installation.	25% of the cost of nonbuilding-integrated photovoltaic modules dation or platform and the labor costs associated with
		ts used to determine the [credit] SUBTRACTION owed under this subsection for installation of photovoltaic
	· · · · · · · · · · · · · · · · · · ·	may not exceed the product obtained by multiplying \$3 times in the DC rated capacity of the photovoltaic modules;
26 27	(ii) grant:	shall be reduced by the amount of any federal, State, or local
28 29	installation of the photovoltaid	1. received by the taxpayer and used for the purchase or equipment; and
30		2. not included in the federal gross income of the taxpayer
33	this subsection for the installa	t] SUBTRACTION MODIFICATION may not be claimed under tion of photovoltaic modules if the [credit under § DIFICATION UNDER § 10-241 of this subtitle is claimed ic modules.
35 36		taxable year that is the [credit] BENEFIT allowance year, an credit] SUBTRACTION MODIFICATION in the amount



	The initial [credit] BENEFIT certical SUBTRACTION MODIFICATION MOUNTS allowed under this section.	I allowable in the	
4 (v) 5 certificates, in the aggregate, 6 SUBTRACTION MODIFIC.	The Administration may not issue for more than \$25,000,000 worth of ATION.		
7 (vi) 8 initial [credit] BENEFIT cert	Except as provided in subparagraphificates shall be limited in their appli		
9 [Credits] SUBTRACTION M 10 aggregate may not be allowed 11 \$1 million 12 \$2 million 13 \$3 million 14 \$4 million 15 \$5 million 16 \$4 million 17 \$3 million 18 \$2 million 19 \$1 million		With respect to taxable years beginning: 2003 2004 2005 2006 2007 2008 2009 2010 2011	
20 (vii) As of the end of a calendar year, if certificates for [credit] 21 SUBTRACTION MODIFICATION amounts totaling less than the amount permitted with 22 respect to taxable years beginning in that calendar year have been issued, the 23 maximum amount that may be allowed for taxable years beginning in the subsequent 24 calendar year shall be increased by the amount of the preceding year's shortfall.			
25 (viii) 26 certificate after December 3	The Administration may not issue 1, 2011.	an initial [credit] BENEFIT	
29 taxable year that have been i30 specify for each taxpayer the31 SUBTRACTION MODIFIC	On January 1, 2004, and each year to the Comptroller a list of all taxpa ssued an initial [credit] BENEFIT cere earliest taxable year for which the [CATION may be claimed and the max ODIFICATION allowable in the aggin his section.	yers in the prior ertificate and shall credit] ximum amount of the	
36 building, green base building	For each taxable year for which a CATION under this section with respect, green tenant space, fuel cell, photo hall obtain an eligibility certificate freed to practice in this State.	ect to a green whole ovoltaic module, or	
	An eligibility certificate issued un der the seal of the architect or engine it] SUBTRACTION MODIFICATION	er, that the property	

	which the [credit] SUF building, green base by			the building, base building, or tenant space with respect to DDIFICATION is claimed is a green whole enant space; and
	respect to which the [c qualifying alternate en			any fuel cell, photovoltaic module, or wind turbine with TION MODIFICATION is claimed constitutes a s fully operational.
7		(iii)	The cert	ification under subparagraph (ii) of this paragraph:
	by the Administration each credit under this			shall be made in accordance with the regulations adopted specifying the standards and guidelines for
11 12	certification was base	d.	2.	shall set forth the specific findings on which the
	associated initial [cred	dit] BEN	EFIT cer	payer shall file the eligibility certificate and the tificate with the taxpayer's income tax return gibility certificate with the Administration.
16		(v)	The elig	ibility certificate shall include:
17 18	and		1.	sufficient information to identify each building or space;
19 20	Comptroller requires	by regula	2. ation.	any other information that the Administration or the
23	professional engineer,	, in making the A	ng any ce Administr	tion has reason to believe that an architect or ertification under this subsection, engaged in ration shall inform the appropriate professional
25 26	(4) necessary to carry out			nptroller and the Administration may adopt regulations this section.
29	provisions of this sect whole buildings, green	n base bu	ch a man iildings,	ons adopted under this section shall construe the ener as to encourage the development of green and green tenant space and to maintain high, a for obtaining tax credits under this section.
33	jointly and in consulta	ation with oject to §	the Dep 2-1246	il 1, 2005, the Comptroller and the Administration, partment of the Environment, shall submit to of the State Government Article, to the General
35 36				ber of certifications and taxpayers claiming the ITON under this section;

1 2	claimed;	(ii)	the amount of the [credits] SUBTRACTION MODIFICATIONS
3	MODIFICATIONS cl	(iii) laimed; a	the geographical distribution of the [credits] SUBTRACTION and
5 6	to be meaningful and	(iv) appropria	any other available information the Administration determines ate.
7 8	(6) classified in a manner		nptroller shall ensure that the information is presented and nt with the confidentiality of tax return information.
9	10-245.		
12 13	the Maryland Environ Foundation for the pu	DDIFICA nmental T irpose of	ridual may claim a [credit against the State income tax] TION as provided in this section for an easement conveyed to Frust or the Maryland Agricultural Land Preservation preserving open space, natural resources, agriculture, cant ecosystems, viewsheds, or historic properties, if:
15		(i)	the easement is perpetual; and
16 17	Works.	(ii)	the easement is accepted and approved by the Board of Public
	(2) MODIFICATION un donation is approved	der this s	to subsection (c)(2) of this section, the [credit] SUBTRACTION ection shall be allowed for the taxable year in which the pard of Public Works.
23	which the fair market	ION MO	as otherwise provided in this section, the amount of the DIFICATION allowed under this section is the amount by the property before the conveyance of the easement of the property after the conveyance of the easement.
27		be substa	market value of the property before and after the conveyance antiated by an appraisal prepared by a certified real der § 16-101 of the Business Occupations and
29 30	(3) reduced by the amount		ount of the [credit] SUBTRACTION MODIFICATION shall be payment received for the easement.
31 32	(c) (1) allowed under this se		taxable year, the [credit] SUBTRACTION MODIFICATION y not exceed [the lesser of:
33		(i)	the State income tax for that taxable year; or
34		(ii)]	\$5,000.
35 36	(2) under subsection (b)		redit] SUBTRACTION MODIFICATION otherwise allowable ction exceeds the limit under paragraph (1) of this



- 1 § 10-205(C) OF THIS TITLE (REFORESTATION AND TIMBER STAND (1) 2 MODIFICATION); (2) § 10-205(E) OF THIS TITLE (NET OPERATING LOSS MODIFICATION); 4 AND § 10-205(G) OF THIS TITLE (UNLICENSED CHILD CARE FACILITY 6 OPERATING EXPENSES). 7 10-308. THE SUBTRACTION UNDER THIS SECTION INCLUDES THE SUBTRACTIONS 8 9 ALLOWED UNDER SUBTITLE 2, PART V OF THIS TITLE. 10 10-809. 11 If an individual is not required to file an income tax return under § 10-805, [§ 12 10-806] § 10-806, or § 10-813 of this subtitle, the individual: 13 (1) is not liable for income tax; and may file an income tax return to claim a refund of the income tax 14 15 withheld or estimated income tax paid or a refund under § 10-704[,] OR § 10-707[, 16 or § 10-714] of this title. 17 10-812. 18 A corporation exempt from income tax under § 10-104 of this title shall file [(a)]19 an income tax return if the corporation: 20 has unrelated business taxable income, as defined under § 512 of the (1) 21 Internal Revenue Code: 22 (2) is exempt from taxation under § 501(c)(2) of the Internal Revenue 23 Code; or 24 (3) is an S corporation that is incorporated or does business in the State. 25 An organization that is exempt from taxation under § 501(c)(3) or (4) of the 26 Internal Revenue Code may file an income tax return to claim a refund under § 27 10-714 of this title.] 28 SECTION 5. AND BE IT FURTHER ENACTED, That, for any tax credit that is 29 converted to an income tax subtraction modification under this Act, this Act does not 30 affect any tax credits claimed on or after July 1, 2004, if the person claiming the 31 credits qualified for the credits before July 1, 2004.
- 32 SECTION 6. AND BE IT FURTHER ENACTED, That, except as otherwise
- 33 provided in Section 5 of this Act, this Act shall take effect July 1, 2004, and shall be
- 34 applicable to all taxable years beginning after December 31, 2003.