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By: **Delegate Trueschler**

Introduced and read first time: February 13, 2004

Assigned to: Ways and Means

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A BILL ENTITLED

1 AN ACT concerning

2 **Business Development - Endangered Industries Job Preservation and**  
3 **Creation Act**

4 FOR the purpose of requiring the Governor to designate certain business entities as  
5 "Endangered Industries", as defined in this Act; requiring the Governor to  
6 submit a list of endangered industries to the General Assembly for the General  
7 Assembly's approval; providing for certain tax exemptions for certain business  
8 entities designated as endangered industries and for investors in endangered  
9 industries; altering the State income tax rates applicable to certain income of  
10 employees of endangered industries; requiring the Governor and State  
11 Comptroller to evaluate the effectiveness of this Act and report the findings to  
12 the General Assembly; defining certain terms; and generally relating to certain  
13 tax exemptions for endangered industries and investors in endangered  
14 industries.

15 BY adding to  
16 Article 83A - Department of Business and Economic Development  
17 Section 5-1701 through 5-1705, inclusive, to be under the new subtitle "Subtitle  
18 17. Endangered Industries Job Preservation and Creation Act"  
19 Annotated Code of Maryland  
20 (2003 Replacement Volume)

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

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

24 **SUBTITLE 17. ENDANGERED INDUSTRIES JOB PRESERVATION AND CREATION ACT.**

25 5-1701.

26 (A) IN THIS SUBTITLE THE FOLLOWING WORDS HAVE THE MEANINGS  
27 INDICATED.

1 (B) "BUSINESS ENTITY" MEANS A PERSON OPERATING OR CONDUCTING A  
2 TRADE OR BUSINESS IN THE STATE.

3 (C) "ENDANGERED INDUSTRY" MEANS A BUSINESS ENTITY THAT IS:

4 (1) IN ECONOMIC DECLINE AS A RESULT OF FOREIGN COMPETITION;  
5 AND

6 (2) DESIGNATED BY THE GOVERNOR AS AN ENDANGERED INDUSTRY AS  
7 PROVIDED UNDER THIS SUBTITLE.

8 5-1702.

9 (A) (1) THE GOVERNOR SHALL DESIGNATE ONE OR MORE BUSINESS  
10 ENTITIES AS ENDANGERED INDUSTRIES.

11 (2) IN DESIGNATING A BUSINESS ENTITY AS AN ENDANGERED  
12 INDUSTRY, THE GOVERNOR MAY CONSULT WITH AND ASK THE ADVICE OF THE  
13 APPROPRIATE INDIVIDUALS AND ADVISORS.

14 (3) THE GOVERNOR SHALL DEVELOP AND PROVIDE TO THE GENERAL  
15 ASSEMBLY THE CRITERIA AND QUALIFICATIONS FOR DESIGNATION AS AN  
16 ENDANGERED INDUSTRY.

17 (4) THE GOVERNOR MAY ESTABLISH ANY OTHER REQUIREMENTS THAT  
18 THE GOVERNOR REASONABLY DETERMINES ARE NECESSARY AND APPROPRIATE TO  
19 ACHIEVE THE PURPOSES OF THIS SUBTITLE.

20 (B) THE GOVERNOR SHALL SUBMIT ANNUALLY TO THE GENERAL ASSEMBLY  
21 FOR THE GENERAL ASSEMBLY'S APPROVAL A LIST OF THE BUSINESS ENTITIES  
22 DESIGNATED AS ENDANGERED INDUSTRIES AS REQUIRED UNDER THIS SECTION.

23 5-1703.

24 (A) AN ENDANGERED INDUSTRY SHALL BE EXEMPT FROM:

25 (1) THE STATE AND LOCAL INCOME TAX;

26 (2) THE LOCAL PERSONAL PROPERTY TAX; AND

27 (3) UNEMPLOYMENT INSURANCE CONTRIBUTIONS.

28 (B) AN EMPLOYEE OF AN ENDANGERED INDUSTRY SHALL BE ENTITLED TO A  
29 50% REDUCTION IN THE STATE INDIVIDUAL INCOME TAX RATE APPLICABLE TO  
30 INCOME THAT IS ATTRIBUTABLE TO THE EMPLOYEE'S EMPLOYMENT BY THE  
31 ENDANGERED INDUSTRY.

32 (C) ANY INCOME THAT IS ATTRIBUTABLE TO AN INVESTMENT IN AN  
33 ENDANGERED INDUSTRY SHALL BE EXEMPT FROM THE STATE AND LOCAL INCOME  
34 TAX.

1 (D) THE TAX EXEMPTIONS AND STATE INCOME TAX RATE REDUCTIONS  
2 ALLOWED UNDER THIS SECTION SHALL BE AVAILABLE TO AN ENDANGERED  
3 INDUSTRY, AN EMPLOYEE OF AN ENDANGERED INDUSTRY, OR AN INVESTOR IN AN  
4 ENDANGERED INDUSTRY FOR A PERIOD OF 2 YEARS FOLLOWING THE DATE ON  
5 WHICH THE GENERAL ASSEMBLY APPROVES THE DESIGNATION OF THE BUSINESS  
6 ENTITY AS AN ENDANGERED INDUSTRY.

7 5-1704.

8 (A) THE GOVERNOR AND THE COMPTROLLER JOINTLY SHALL ASSESS THE  
9 EFFECTIVENESS OF THE TAX EXEMPTIONS AND STATE INCOME TAX RATE  
10 REDUCTIONS PROVIDED FOR UNDER THIS SUBTITLE TO ENDANGERED INDUSTRIES,  
11 EMPLOYEES OF ENDANGERED INDUSTRIES, AND INVESTORS IN ENDANGERED  
12 INDUSTRIES, INCLUDING THE NUMBER AND AMOUNTS OF TAX EXEMPTIONS AND  
13 INCOME TAX RATE REDUCTIONS ANNUALLY GRANTED AND THE SUCCESS OF THE  
14 EXEMPTIONS AND REDUCTIONS IN CREATING AND PRESERVING EMPLOYMENT BY  
15 BUSINESS ENTITIES DESIGNATED AS ENDANGERED INDUSTRIES.

16 (B) ON OR BEFORE DECEMBER 31, 2005, AND ON OR BEFORE DECEMBER 31 OF  
17 EACH SUBSEQUENT YEAR, THE OFFICE OF THE GOVERNOR AND THE COMPTROLLER  
18 SHALL SUBMIT TO THE GENERAL ASSEMBLY, SUBJECT TO § 2-1246 OF THE STATE  
19 GOVERNMENT ARTICLE, A REPORT SETTING FORTH THE FINDINGS OF THE  
20 GOVERNOR AND THE COMPTROLLER AND ANY OTHER INFORMATION OF VALUE IN  
21 DETERMINING THE EFFECTIVENESS OF THESE TAX EXEMPTIONS AND INCOME TAX  
22 RATE REDUCTIONS.

23 5-1705.

24 THIS SUBTITLE MAY BE CITED AS THE ENDANGERED INDUSTRIES JOB  
25 PRESERVATION AND CREATION ACT.

26 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take  
27 effect July 1, 2004.