

**ENROLLED BILL**

-- *Ways and Means/Budget and Taxation* --

Introduced by **Delegates Hixson, Franchot, Madaleno, and Murray Murray, Bartlett, Boschert, Bozman, Cardin, Cryor, C. Davis, Elmore, Gilleland, Goodwin, Gordon, Healey, Heller, Howard, Kaiser, King, Marriott, McKee, Myers, Patterson, Ramirez, and Ross**

Read and Examined by Proofreaders:

\_\_\_\_\_  
Proofreader.

\_\_\_\_\_  
Proofreader.

Sealed with the Great Seal and presented to the Governor, for his approval this \_\_\_\_\_ day of \_\_\_\_\_ at \_\_\_\_\_ o'clock, \_\_\_\_\_ M.

\_\_\_\_\_  
Speaker.

CHAPTER \_\_\_\_\_

1 AN ACT concerning

2 **Arts and Entertainment Districts - Tax ~~Credits~~ Benefits**

3 FOR the purpose of altering the definition of qualifying resident artist for the purpose  
4 of certain tax benefits available in certain arts and entertainment districts;  
5 *altering a certain income tax subtraction modification allowed for certain income*  
6 *derived within an arts and entertainment district; expanding the types of*  
7 *buildings in certain arts and entertainment districts for which a property tax*  
8 *credit may be granted under certain circumstances; providing for the application*  
9 *of this Act; expanding the types of buildings in certain arts and entertainment*  
10 *districts for which a property tax credit may be granted under certain*  
11 *circumstances; establishing a method for calculating certain property tax credits*  
12 *granted in certain arts and entertainment districts; defining certain terms;*  
13 *providing for the application of this Act; and generally relating to arts and*  
14 *entertainment districts and tax benefits.*

1 BY repealing and reenacting, with amendments,  
 2 Article 83A - Department of Business and Economic Development  
 3 Section 4-701(a)(5)  
 4 Annotated Code of Maryland  
 5 (2003 Replacement Volume and 2004 Supplement)

6 BY repealing and reenacting, with amendments,

7 Article - Tax - General  
 8 Section 10-207(v)  
 9 Annotated Code of Maryland  
 10 (2004 Replacement Volume)

11 BY repealing and reenacting, with amendments,

12 Article - Tax - Property  
 13 Section 9-240  
 14 Annotated Code of Maryland  
 15 (2001 Replacement Volume and 2004 Supplement)

16 ~~BY repealing and reenacting, with amendments,~~

17 ~~Article - Tax - Property~~  
 18 ~~Section 9-240~~  
 19 ~~Annotated Code of Maryland~~  
 20 ~~(2001 Replacement Volume and 2004 Supplement)~~

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 4-701.

25 (a) (5) "Qualifying residing artist" means an individual who:

26 (i) Owns or rents residential real property in [an] THE COUNTY  
 27 WHERE THE arts and entertainment district IS LOCATED and conducts a business in  
 28 the arts and entertainment district; and

29 (ii) Derives income from the sale or performance within the arts  
 30 and entertainment district of an artistic work that the individual wrote, composed, or  
 31 executed, either solely or with one or more other individuals, IN THE ARTS AND  
 32 ENTERTAINMENT DISTRICT.

Article - Tax - General

10-207.

(v) (1) In this subsection, "artistic work", "arts and entertainment district", and "qualifying residing artist" have the meanings stated in Article 83A, § 4-701 of the Code.

(2) The subtraction under subsection (a) of this section includes the amount of income derived within an arts and entertainment district by a qualifying residing artist from the publication, production, or sale of an artistic work that the artist wrote, composed, or executed IN THE ARTS AND ENTERTAINMENT DISTRICT.

(3) For the purpose of determining whether income is derived within an arts and entertainment district for the purpose of this subsection, a qualifying residing artist shall allocate receipts and expenses as the Comptroller may require.

Article - Tax - Property

9-240.

(a) In this section, "arts and entertainment district", "arts and entertainment enterprise", and "qualifying residing artist" have the meanings stated in Article 83A, § 4-701 of the Code.

(b) The governing body of a county or municipal corporation may grant, by law, a property tax credit against the county or municipal corporation property tax imposed on a manufacturing, commercial, or industrial building that:

(1) is located in an arts and entertainment district; and

(2) is wholly or partially CONSTRUCTED OR renovated TO BE CAPABLE for use by a qualifying residing artist or an arts and entertainment enterprise.

(c) A tax credit granted under this section may not be granted for more than 10 years.

~~Article - Tax - Property~~

~~9-240.~~

~~(a) In this section, "arts and entertainment district", "arts and entertainment enterprise", and "qualifying residing artist" have the meanings stated in Article 83A, § 4-701 of the Code.~~

~~(b) The governing body of a county or municipal corporation may grant, by law, a property tax credit against the county or municipal corporation property tax imposed on a manufacturing, commercial, or industrial building that:~~

~~(1) is located in an arts and entertainment district; and~~

1           (2)     is wholly or partially ~~CONSTRUCTED OR renovated TO BE CAPABLE~~  
2 ~~for use by a qualifying residing artist or an arts and entertainment enterprise.~~

3           (e)     (1)     (I)     ~~IN THIS SUBSECTION THE FOLLOWING WORDS HAVE THE~~  
4 ~~MEANINGS INDICATED.~~

5                     (II)     ~~"BASE YEAR" MEANS THE TAXABLE YEAR IMMEDIATELY~~  
6 ~~BEFORE THE TAXABLE YEAR IN WHICH A PROPERTY TAX CREDIT GRANTED UNDER~~  
7 ~~THIS SECTION IS TO BE GRANTED.~~

8                     (III)    1.     ~~"BASE YEAR VALUE" MEANS THE VALUE OF THE~~  
9 ~~PROPERTY USED TO DETERMINE THE ASSESSMENT ON WHICH THE PROPERTY TAX~~  
10 ~~ON REAL PROPERTY WAS IMPOSED FOR THE BASE YEAR.~~

11                     2.     ~~"BASE YEAR VALUE" DOES NOT INCLUDE ANY NEW REAL~~  
12 ~~PROPERTY THAT WAS FIRST ASSESSED IN THE BASE YEAR.~~

13                     (2)     ~~THE ASSESSMENT ELIGIBLE FOR A TAX CREDIT UNDER THIS~~  
14 ~~SECTION IS EQUAL TO THE DIFFERENCE BETWEEN THE BASE YEAR VALUE AND THE~~  
15 ~~ACTUAL VALUE AS DETERMINED BY THE DEPARTMENT FOR THE APPLICABLE~~  
16 ~~TAXABLE YEAR IN WHICH THE TAX CREDIT UNDER THIS SECTION IS TO BE GRANTED.~~

17           (D)     ~~A tax credit granted under this section may not be granted for more than~~  
18 ~~40 years.~~

19     SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take  
20 effect ~~October 1, 2005~~ June 1, 2005. The changes to § 10-207(v) of the Tax - General  
21 Article as enacted by Section 1 of this Act shall be applicable to all taxable years  
22 beginning after December 31, 2004. The changes to § 9-240 of the Tax - Property  
23 Article as enacted by Section 1 of this Act shall be applicable to all taxable years  
24 beginning after June 30, 2005, and shall be applicable to all taxable years beginning  
25 after June 30, 2006.