

ENROLLED BILL

-- Budget and Taxation/Ways and Means --

Introduced by **Senators Ruben, Brinkley, Britt, Colburn, Currie, Della, Dyson, Exum, Forehand, Frosh, Garagiola, Giannetti, Green, Grosfeld, Hafer, Hogan, Hollinger, Hughes, Jones, Kelley, Kramer, Lawlah, McFadden, Middleton, Munson, and Teitelbaum**

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.

President.

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~~
6 ~~income derived within an arts and entertainment district;~~ expanding the types
7 of buildings in certain arts and entertainment districts for which a property tax
8 credit may be granted under certain circumstances; ~~establishing a method for~~
9 ~~calculating certain property tax credits granted in certain arts and~~
10 ~~entertainment districts; defining certain terms;~~ providing for the application of
11 this Act; and generally relating to arts and entertainment districts and tax
12 benefits.

13 BY repealing and reenacting, with amendments,

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

5 BY repealing and reenacting, with amendments,

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

10 BY repealing and reenacting, with amendments,

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

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

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

18 4-701.

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

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

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

27 **Article - Tax - General**

28 10-207.

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

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

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

4 **Article - Tax - Property**

5 9-240.

6 (a) In this section, "arts and entertainment district", "arts and entertainment
 7 enterprise", and "qualifying residing artist" have the meanings stated in Article 83A,
 8 § 4-701 of the Code.

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

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

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

15 (c) ~~(+) (+) IN THIS SUBSECTION THE FOLLOWING WORDS HAVE THE~~
 16 ~~MEANINGS INDICATED.~~

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

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

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

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

29 ~~(D)~~ A tax credit granted under this section may not be granted for more than
 30 10 years.

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

