
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**

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Committee Report: Favorable with amendments
Senate action: Adopted
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CHAPTER _____

1 AN ACT concerning

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

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,
14 Article 83A - Department of Business and Economic Development
15 Section 4-701(a)(5)
16 Annotated Code of Maryland
17 (2003 Replacement Volume and 2004 Supplement)

18 BY repealing and reenacting, with amendments,
19 Article - Tax - General
20 Section 10-207(v)
21 Annotated Code of Maryland

1 (2004 Replacement Volume)

2 BY repealing and reenacting, with amendments,
3 Article - Tax - Property
4 Section 9-240
5 Annotated Code of Maryland
6 (2001 Replacement Volume and 2004 Supplement)

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

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

10 4-701.

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

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

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

19 **Article - Tax - General**

20 10-207.

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

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

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

1 **Article - Tax - Property**

2 9-240.

3 (a) In this section, "arts and entertainment district", "arts and entertainment
4 enterprise", and "qualifying residing artist" have the meanings stated in Article 83A,
5 § 4-701 of the Code.

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

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

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

12 (c) (1) (I) IN THIS SUBSECTION THE FOLLOWING WORDS HAVE THE
13 MEANINGS INDICATED.

14 (II) "BASE YEAR" MEANS THE TAXABLE YEAR IMMEDIATELY
15 BEFORE THE TAXABLE YEAR IN WHICH A PROPERTY TAX CREDIT GRANTED UNDER
16 THIS SECTION IS TO BE GRANTED.

17 (III) 1. "BASE YEAR VALUE" MEANS THE VALUE OF THE
18 PROPERTY USED TO DETERMINE THE ASSESSMENT ON WHICH THE PROPERTY TAX
19 ON REAL PROPERTY WAS IMPOSED FOR THE BASE YEAR.

20 2. "BASE YEAR VALUE" DOES NOT INCLUDE ANY NEW REAL
21 PROPERTY THAT WAS FIRST ASSESSED IN THE BASE YEAR.

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

26 (D) A tax credit granted under this section may not be granted for more than
27 10 years.

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

