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By: **Washington County Delegation**

Introduced and read first time: February 6, 2006

Assigned to: Ways and Means

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A BILL ENTITLED

1 AN ACT concerning

2 **Washington County - Tax Credit for Businesses That Create New Jobs**

3 FOR the purpose of altering the definition of "new permanent full-time position" for  
4 purposes of certain property tax and State tax credits granted to certain  
5 business entities that construct or expand certain new or expanded business  
6 premises under certain circumstances to make the definition apply in  
7 Washington County; providing for the application of this Act; and generally  
8 relating to certain property tax and State tax credits granted to business  
9 entities that construct or expand certain new or expanded business premises.

10 BY repealing and reenacting, with amendments,

11 Article - Tax - Property

12 Section 9-230(a)

13 Annotated Code of Maryland

14 (2001 Replacement Volume and 2005 Supplement)

15 BY repealing and reenacting, without amendments,

16 Article - Tax - Property

17 Section 9-230(b)

18 Annotated Code of Maryland

19 (2001 Replacement Volume and 2005 Supplement)

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

22 **Article - Tax - Property**

23 9-230.

24 (a) (1) In this section the following words have the meanings indicated.

25 (2) "Affiliate" means a person:

26 (i) that directly or indirectly owns at least 80% of a business entity;

27 or

1 (ii) 80% of which is owned, directly or indirectly, by a business  
2 entity.

3 (3) "Business entity" means a person conducting a trade or business in  
4 the State, that is subject to the State individual or corporate income tax, insurance  
5 premiums tax, financial institution franchise tax, or public service company franchise  
6 tax.

7 (4) "Full-time position" means a position requiring at least 840 hours of  
8 an individual's time during at least 24 weeks in a 6-month period.

9 (5) (i) "New permanent full-time position" means a position that is:

10 1. A. a full-time position of indefinite duration; or

11 B. in Montgomery County AND WASHINGTON COUNTY, a  
12 full-time position of indefinite duration or a contract position of definite duration  
13 lasting at least 12 months with an unlimited renewal option;

14 2. located in Maryland;

15 3. newly created, as a result of the establishment or  
16 expansion of a business facility in the State; and

17 4. filled.

18 (ii) "New permanent full-time position" does not include a position  
19 that is:

20 1. created when an employment function is shifted from an  
21 existing business facility of the business entity or its affiliates located in Maryland to  
22 another business facility of the same business entity or its affiliates, if the position  
23 does not represent a net new job in the State;

24 2. created through a change in ownership of a trade or  
25 business;

26 3. created through a consolidation, merger, or restructuring  
27 of a business entity or its affiliates, if the position does not represent a net new job in  
28 the State;

29 4. created when an employment function is contractually  
30 shifted from an existing business entity or its affiliates, located in the State to  
31 another business entity or its affiliates, if the position does not represent a net new  
32 job in the State; or

33 5. filled for a period of less than 12 months.

34 (6) "New or expanded premises" means real property, including a  
35 building or part of a building that has not been previously occupied, where a business  
36 entity or its affiliates locate to conduct business.

1           (7)       "Notification date" means the date on which the business entity  
2 provides written notice to the county or municipal corporation as required under  
3 subsection (b)(6) of this section.

4       (b)       (1)       The Mayor and City Council of Baltimore City or the governing body  
5 of a county or of a municipal corporation may enact legislation necessary to grant  
6 either property tax credits, enhanced property tax credits, or both types of property  
7 tax credits against the county or municipal corporation property tax imposed on real  
8 property owned or leased by business entities that meet the requirements specified  
9 for the applicable tax credit under this section and on personal property owned by  
10 business entities that meet the requirements specified under this section.

11           (2)       (i)       If a property tax credit is granted under paragraph (1) of this  
12 subsection, a business entity that meets the requirements for the property tax credit  
13 under this section and obtains certification from the county or municipal corporation  
14 may claim a State tax credit against the individual or corporate income tax, insurance  
15 premiums tax, or financial institution franchise tax as provided under subsection  
16 (c)(3) of this section.

17           (ii)       If an enhanced property tax credit is granted under this section  
18 and a business entity and its affiliates meet the requirements for the enhanced  
19 property tax credit and obtain certification from the county or municipal corporation,  
20 the business entity or any of its affiliates may claim a State tax credit against the  
21 individual or corporate income tax, insurance premiums tax, or financial institution  
22 franchise tax as provided under subsection (d)(4) of this section.

23           (3)       A tax credit may not be granted under this section if:

24           (i)       the business entity or any of its affiliates have moved their  
25 operations from one county in the State to the new or expanded premises in another;  
26 or

27           (ii)       the new or expanded premises has otherwise been granted a tax  
28 credit or exemption under this article for the taxable year.

29           (4)       To qualify for a tax credit under this section, the new or expanded  
30 premises must be located in a priority funding area as designated in Title 5, Subtitle  
31 7B of the State Finance and Procurement Article.

32           (5)       To qualify for a property tax credit under this section against  
33 property tax imposed on personal property a business entity shall certify that the  
34 personal property is located on the premises that qualify for a property tax credit or  
35 enhanced property tax credit under this section.

36           (6)       To qualify for a tax credit under this section, before it obtains the new  
37 or expanded premises or hires employees to fill the new permanent full-time  
38 positions at the new or expanded premises, a business entity shall provide written  
39 notification to the county or municipal corporation in which the new or expanded  
40 premises are located:

1 (i) that it intends to claim the property tax credit or enhanced  
2 property tax credit;

3 (ii) if it intends to claim the enhanced property tax credit, how it  
4 expects to meet the requirements to qualify for the enhanced property tax credit; and

5 (iii) when it expects to obtain the new or expanded premises and  
6 hire the required number of employees in the new permanent full-time positions.

7 (7) If a business entity meets the requirements for a tax credit under this  
8 section, the county or municipal corporation shall certify to the Department and the  
9 Department of Business and Economic Development that the business entity has met  
10 the requirements for the tax credit for the taxable year that follows the date on which  
11 it met the requirements.

12 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect  
13 July 1, 2006, and shall be applicable to all taxable years beginning after December 31,  
14 2006.