
By: Washington County Delegation

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Assigned to: Ways and Means

Committee Report: Favorable

House action: Adopted

Read second time: March 22, 2006

CHAPTER_____

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:

1 **Article - Tax - Property**

2 9-230.

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

4 (2) "Affiliate" means a person:

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

6 or

7 (ii) 80% of which is owned, directly or indirectly, by a business
8 entity.9 (3) "Business entity" means a person conducting a trade or business in
10 the State, that is subject to the State individual or corporate income tax, insurance
11 premiums tax, financial institution franchise tax, or public service company franchise
12 tax.13 (4) "Full-time position" means a position requiring at least 840 hours of
14 an individual's time during at least 24 weeks in a 6-month period.

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

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

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

20 2. located in Maryland;

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

23 4. filled.

24 (ii) "New permanent full-time position" does not include a position
25 that is:26 1. created when an employment function is shifted from an
27 existing business facility of the business entity or its affiliates located in Maryland to
28 another business facility of the same business entity or its affiliates, if the position
29 does not represent a net new job in the State;30 2. created through a change in ownership of a trade or
31 business;32 3. created through a consolidation, merger, or restructuring
33 of a business entity or its affiliates, if the position does not represent a net new job in
34 the State;

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

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

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

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

12 (b) (1) The Mayor and City Council of Baltimore City or the governing body
13 of a county or of a municipal corporation may enact legislation necessary to grant
14 either property tax credits, enhanced property tax credits, or both types of property
15 tax credits against the county or municipal corporation property tax imposed on real
16 property owned or leased by business entities that meet the requirements specified
17 for the applicable tax credit under this section and on personal property owned by
18 business entities that meet the requirements specified under this section.

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

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

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

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

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

37 (4) To qualify for a tax credit under this section, the new or expanded
38 premises must be located in a priority funding area as designated in Title 5, Subtitle
39 7B of the State Finance and Procurement Article.

1 (5) To qualify for a property tax credit under this section against
2 property tax imposed on personal property a business entity shall certify that the
3 personal property is located on the premises that qualify for a property tax credit or
4 enhanced property tax credit under this section.

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

10 (i) that it intends to claim the property tax credit or enhanced
11 property tax credit;

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

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

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

21 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
22 July 1, 2006, and shall be applicable to all taxable years beginning after December 31,
23 2006.