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By: **Delegates Hixson, C. Davis, Gilleland, Howard, Ramirez, and Ross**

Introduced and read first time: February 9, 2006

Assigned to: Ways and Means

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A BILL ENTITLED

1 AN ACT concerning

2                   **Enterprise Zones - Tax Credits After Expiration of Designation of Enterprise**  
3                   **Zone**

4 FOR the purpose of allowing certain business entities operating in an enterprise zone  
5 when the designation of the enterprise zone expires to continue to claim certain  
6 income tax credits for certain qualified employees within a certain period;  
7 allowing certain business entities operating in an enterprise zone when the  
8 designation of the enterprise zone expires to claim certain property tax credits  
9 for certain real property owned, operated, developed, constructed, or  
10 rehabilitated by the business entity within a certain period; and generally  
11 relating to allowing certain business entities operating in an enterprise zone  
12 when the designation of the enterprise zone expires to claim certain tax credits  
13 within a certain period.

14 BY repealing and reenacting, with amendments,  
15 Article - Tax - General  
16 Section 10-702(b)  
17 Annotated Code of Maryland  
18 (2004 Replacement Volume and 2005 Supplement)

19 BY repealing and reenacting, with amendments,  
20 Article - Tax - Property  
21 Section 9-103(e)  
22 Annotated Code of Maryland  
23 (2001 Replacement Volume and 2005 Supplement)

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

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**Article - Tax - General**

2 10-702.

3 (b) (1) Any business entity that is located in an enterprise zone and satisfies  
4 the requirements of Article 83A, § 5-404 of the Code may claim a credit only against  
5 the State income tax for the wages specified in subsections (c) and (d) of this section  
6 that are paid in the taxable year for which the entity claims the credit.

7 (2) A business entity that is located in a focus area and satisfies the  
8 requirements of Article 83A, § 5-404 of the Code may claim a credit only against the  
9 State income tax for the wages specified in subsection (e) of this section that are paid  
10 to a focus area employee in the taxable year for which the entity claims the credit.

11 (3) An organization that is exempt from taxation under § 501(c)(3) or (4)  
12 of the Internal Revenue Code may apply the credit under this section as a credit  
13 against income tax due on unrelated business taxable income as provided under §§  
14 10-304 and 10-812 of this title.

15 (4) NOTWITHSTANDING ARTICLE 83A, § 5-404(D) OF THE CODE BUT  
16 SUBJECT TO ARTICLE 83A, § 5-404(B) AND (C) OF THE CODE, A BUSINESS ENTITY  
17 OPERATING IN AN ENTERPRISE ZONE WHEN THE DESIGNATION OF THE ENTERPRISE  
18 ZONE EXPIRES MAY CONTINUE TO CLAIM THE CREDITS ALLOWED UNDER THIS  
19 SECTION FOR QUALIFIED EMPLOYEES WHO BECOME QUALIFIED EMPLOYEES  
20 WITHIN 3 YEARS AFTER THE DATE THE DESIGNATION OF THE ENTERPRISE ZONE  
21 EXPIRED.

22

**Article - Tax - Property**

23 9-103.

24 (e) (1) A tax credit under this section is available to a qualified property for  
25 no more than 10 consecutive years beginning with the taxable year following the  
26 calendar year in which the real property initially becomes a qualified property.

27 (2) Even if the designation of an enterprise zone expires, the tax credit  
28 under this section continues to be available to a qualified property.

29 (3) NOTWITHSTANDING ARTICLE 83A, § 5-404(D) OF THE CODE BUT  
30 SUBJECT TO ARTICLE 83A, § 5-404(B) AND (C) OF THE CODE, A BUSINESS ENTITY  
31 OPERATING IN AN ENTERPRISE ZONE WHEN THE DESIGNATION OF THE ENTERPRISE  
32 ZONE EXPIRES MAY CLAIM THE CREDITS ALLOWED UNDER THIS SECTION FOR REAL  
33 PROPERTY THAT:

34 (I) THE BUSINESS OWNS, OPERATES, DEVELOPS, CONSTRUCTS, OR  
35 REHABILITATES WITHIN 3 YEARS AFTER THE DATE THE DESIGNATION OF THE  
36 ENTERPRISE ZONE EXPIRED; AND

37 (II) OTHERWISE QUALIFIES FOR THE CREDITS ALLOWED UNDER  
38 THIS SECTION.

1                    [(3)]    (4)        State property tax imposed on real property is not affected by  
2 this section.

3        SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect  
4 July 1, 2006.