
By: **Senators Hogan, Kramer, Lawlah, McFadden, Munson, and Ruben**

Introduced and read first time: February 3, 2006

Assigned to: Budget and Taxation

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:

1

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.