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

Introduced and read first time: February 3, 2006

Assigned to: Budget and Taxation

Committee Report: Favorable with amendments

Senate action: Adopted

Read second time: March 24, 2006

CHAPTER _____

1 AN ACT concerning

2 **Enterprise Zones - Property Tax Credits After Expiration of Designation of**
3 **Enterprise 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 property tax
13 credits 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)

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

3 ~~Article - Tax - General~~

4 ~~10-702.~~

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

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

13 ~~(3) An organization that is exempt from taxation under § 501(c)(3) or (4)~~
14 ~~of the Internal Revenue Code may apply the credit under this section as a credit~~
15 ~~against income tax due on unrelated business taxable income as provided under §§~~
16 ~~10-304 and 10-812 of this title.~~

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

24 ~~Article - Tax - Property~~

25 ~~9-103.~~

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

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

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

36 ~~(I) THE BUSINESS OWNS, OPERATES, DEVELOPS, CONSTRUCTS, OR~~
37 ~~REHABILITATES WITHIN 3 5 YEARS AFTER THE DATE THE DESIGNATION OF THE~~
38 ~~ENTERPRISE ZONE EXPIRES; AND~~

1 (II) OTHERWISE QUALIFIES FOR THE CREDITS ALLOWED UNDER
2 THIS SECTION.

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

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