

HOUSE BILL 680

Q7

8lr1396

By: **Delegates Ross, Barnes, Healey, Kaiser, and Walker**

Introduced and read first time: February 1, 2008

Assigned to: Ways and Means

Committee Report: Favorable with amendments

House action: Adopted

Read second time: March 19, 2008

CHAPTER _____

1 AN ACT concerning

2 **Arts and Entertainment Districts – Tax Benefits – Jewelry and Clothing**
3 **Designers**

4 FOR the purpose of altering the definition of artistic work for the purpose of certain
5 tax benefits available in certain arts and entertainment districts; providing for
6 the effective date of certain provisions of this Act; providing for the termination
7 of certain provisions of this Act; and generally relating to tax benefits and arts
8 and entertainment districts.

9 BY repealing and reenacting, with amendments,
10 Article 83A – Department of Business and Economic Development
11 Section 4–701
12 Annotated Code of Maryland
13 (2003 Replacement Volume and 2007 Supplement)

14 BY repealing and reenacting, without amendments,
15 Article – Tax – General
16 Section 10–207(a)
17 Annotated Code of Maryland
18 (2004 Replacement Volume and 2007 Supplement)

19 BY repealing and reenacting, with amendments,
20 Article – Tax – General
21 Section 10–207(v)
22 Annotated Code of Maryland
23 (2004 Replacement Volume and 2007 Supplement)

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.

Underlining indicates amendments to bill.

~~Strike-out~~ indicates matter stricken from the bill by amendment or deleted from the law by amendment.



1 BY repealing and reenacting, with amendments,
 2 Article – Economic Development
 3 Section 4–701(b) and 4–702
 4 Annotated Code of Maryland
 5 (As enacted by Chapter (H.B. 1050) of the Acts of the General Assembly of
 6 2008)

7 BY repealing and reenacting, with amendments,
 8 Article – Tax – General
 9 Section 10–207(v)(1)
 10 Annotated Code of Maryland
 11 (2004 Replacement Volume and 2007 Supplement)
 12 (As enacted by Section 2 of this Act)

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

15 **Article 83A – Department of Business and Economic Development**

16 4–701.

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

18 (2) (i) “Artistic work” means an original and creative work,
 19 whether **CREATED**, written, composed, or executed, that falls into one of the following
 20 categories:

- 21 1. A book or other writing;
- 22 2. A play or performance of a play;
- 23 3. A musical composition or the performance of a
 24 musical composition;
- 25 4. A painting or other picture;
- 26 5. A sculpture;
- 27 6. Traditional or fine crafts;
- 28 7. The creation of a film or the acting within a film; [or]
- 29 8. The creation of a dance or the performance of a dance;

30 **OR**

1 **9. THE CREATION OF ORIGINAL JEWELRY,**
 2 **CLOTHING, OR CLOTHING DESIGN.**

3 (ii) “Artistic work” includes any product generated as a result of
 4 any of the categories listed under subparagraph (i) of this paragraph.

5 (iii) “Artistic work” does not include [any]:

6 **1. ANY** piece or performance created or executed for
 7 industry-oriented or industry-related production; **OR**

8 **2. TAILORING SERVICES ~~OR,~~ CLOTHING**
 9 **ALTERATION, OR JEWELRY REPAIR.**

10 (3) “Arts and entertainment district” means a developed district of
 11 public and private uses that:

12 (i) Ranges in size from a portion of a county or municipal
 13 corporation to a regional district with a special coherence; and

14 (ii) Is distinguished by physical and cultural resources that play
 15 a vital role in the life and development of the community and contribute to the public
 16 through interpretive, educational, and recreational uses.

17 (4) “Arts and entertainment enterprise” means a for profit or nonprofit
 18 entity dedicated to visual or performing arts.

19 (5) “Qualifying residing artist” means an individual who:

20 (i) Owns or rents residential real property in the county where
 21 the arts and entertainment district is located and conducts a business in the arts and
 22 entertainment district; and

23 (ii) Derives income from the sale or performance within the arts
 24 and entertainment district of an artistic work that the individual **CREATED**, wrote,
 25 composed, or executed, either solely or with one or more other individuals, in the arts
 26 and entertainment district.

27 (b) Subject to the requirements of this section, the Mayor and City Council of
 28 Baltimore City or the governing body of a county or municipal corporation may apply
 29 to the Secretary for designation of an arts and entertainment district in the county or
 30 municipal corporation in which:

31 (1) Qualifying residing artists are eligible for the income tax
 32 subtraction modification under § 10–207(v) of the Tax – General Article;

1 (2) A property tax credit under § 9-240 of the Tax – Property Article
2 applies; and

3 (3) An exemption from the admissions and amusement tax under §
4 4-104 of the Tax – General Article applies.

5 (c) An arts and entertainment district shall be a contiguous geographic area
6 of a county that is:

7 (1) Wholly within a priority funding area as provided under § 5-7B-02
8 of the State Finance and Procurement Article; or

9 (2) Wholly within a designated neighborhood as defined under § 6-301
10 of the Housing and Community Development Article.

11 (d) (1) The Secretary shall give the Comptroller notice of the
12 establishment of an arts and entertainment district on or before July 1 prior to the
13 effective date of its establishment.

14 (2) The subtraction modification under § 10-207(v) of the
15 Tax – General Article shall be applicable to all taxable years beginning after December
16 31 of the year in which the notice required under paragraph (1) of this subsection is
17 provided.

18 SECTION 2. AND BE IT FURTHER ENACTED, That the Laws of Maryland
19 read as follows:

20 **Article – Tax – General**

21 10-207.

22 (a) To the extent included in federal adjusted gross income, the amounts
23 under this section are subtracted from the federal adjusted gross income of a resident
24 to determine Maryland adjusted gross income.

25 (v) (1) In this subsection, “artistic work”, “arts and entertainment
26 district”, and “qualifying residing artist” have the meanings stated in Article 83A, §
27 4-701 of the Code.

28 (2) The subtraction under subsection (a) of this section includes the
29 amount of income derived within an arts and entertainment district by a qualifying
30 residing artist from the publication, production, or sale of an artistic work that the
31 artist **CREATED**, wrote, composed, or executed in the arts and entertainment district.

32 (3) For the purpose of determining whether income is derived within
33 an arts and entertainment district for the purpose of this subsection, a qualifying
34 residing artist shall allocate receipts and expenses as the Comptroller may require.

1 SECTION 3. AND BE IT FURTHER ENACTED, That the Laws of Maryland
2 read as follows:

3 **Article - Economic Development**

4 4-701.

5 (b) “Artistic work” means an original and creative work that:

6 (1) is **CREATED**, written, composed, or executed; and

7 (2) falls into one of the following categories:

8 (i) a book or other writing;

9 (ii) a play or performance of a play;

10 (iii) a musical composition or the performance of a musical
11 composition;

12 (iv) a painting or other picture;

13 (v) a sculpture;

14 (vi) traditional or fine crafts;

15 (vii) the creation of a film or the acting within a film;

16 (viii) the creation of a dance or the performance of a dance; [or]

17 (ix) **THE CREATION OF ORIGINAL JEWELRY, CLOTHING, OR**
18 **CLOTHING DESIGN; OR**

19 (X) any other product generated as a result of a work listed in
20 items (i) through [(viii)] **(IX)** of this paragraph.

21 4-702.

22 This subtitle does not apply to:

23 (1) the creation or execution of artistic work for industry-oriented or
24 industry-related production; OR

25 (2) **TAILORING SERVICES, CLOTHING ALTERATION, OR JEWELRY**
26 **REPAIR.**

1

Article - Tax - General

2

10-207.

3

(v) (1) In this subsection, “artistic work”, “arts and entertainment district”, and “qualifying residing artist” have the meanings stated in [Article 83A,] § 4-701 of the [Code] **ECONOMIC DEVELOPMENT ARTICLE.**

6

SECTION 4. AND BE IT FURTHER ENACTED, That Section 3 of this Act shall take effect on the taking effect of Chapter ____ (H.B. 1050) of the Acts of the General Assembly of 2008. If Section 3 of this Act takes effect, Section 1 of this Act shall be abrogated and of no further force and effect.

7

8

9

10

SECTION ~~2~~ 5. AND BE IT FURTHER ENACTED, That, subject to the provisions of Section 4 of this Act, this Act shall take effect July 1, 2008.

11

Approved:

Governor.

Speaker of the House of Delegates.

President of the Senate.