

CHAPTER 290

(House Bill 680)

AN ACT concerning

Arts and Entertainment Districts – Tax Benefits – Jewelry and Clothing Designers

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

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

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

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

BY repealing and reenacting, with amendments,
Article – Economic Development
Section 4–701(b) and 4–702
Annotated Code of Maryland
(As enacted by Chapter 306 (H.B. 1050) of the Acts of the General Assembly of
2008)

BY repealing and reenacting, with amendments,
Article – Tax – General
Section 10–207(v)(1)
Annotated Code of Maryland
(2004 Replacement Volume and 2007 Supplement)

(As enacted by Section 2 of this Act)

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

Article 83A – Department of Business and Economic Development

4–701.

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

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

1. A book or other writing;
2. A play or performance of a play;
3. A musical composition or the performance of a musical composition;
4. A painting or other picture;
5. A sculpture;
6. Traditional or fine crafts;
7. The creation of a film or the acting within a film; [or]
8. The creation of a dance or the performance of a dance;

OR

9. THE CREATION OF ORIGINAL JEWELRY, CLOTHING, OR CLOTHING DESIGN.

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

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

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

2. TAILORING SERVICES ~~OR~~ CLOTHING ALTERATION, OR JEWELRY REPAIR.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Article – Tax – General

10–207.

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

(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.

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

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

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

Article – Economic Development

4–701.

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

- (1) is **CREATED**, written, composed, or executed; and
- (2) falls into one of the following categories:
 - (i) a book or other writing;
 - (ii) a play or performance of a play;
 - (iii) a musical composition or the performance of a musical composition;
 - (iv) a painting or other picture;
 - (v) a sculpture;
 - (vi) traditional or fine crafts;
 - (vii) the creation of a film or the acting within a film;
 - (viii) the creation of a dance or the performance of a dance; [or]
 - (ix) **THE CREATION OF ORIGINAL JEWELRY, CLOTHING, OR CLOTHING DESIGN; OR**
 - (X) any other product generated as a result of a work listed in items (i) through [(viii)] (IX) of this paragraph.

4-702.

This subtitle does not apply to:

- (1) the creation or execution of artistic work for industry-oriented or industry-related production; OR
- (2) **TAILORING SERVICES, CLOTHING ALTERATION, OR JEWELRY REPAIR.**

Article - Tax - General

10-207.

(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.**

SECTION 4. AND BE IT FURTHER ENACTED, That Section 3 of this Act shall take effect on the taking effect of Chapter 306 (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.

SECTION ~~4~~ 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.

Approved by the Governor, April 24, 2008.