

# SENATE BILL 800

Q3

9lr3097  
CF HB 493

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By: ~~Senator King~~ **Senators King and Jones**  
Introduced and read first time: February 6, 2009  
Assigned to: Budget and Taxation

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Committee Report: Favorable with amendments  
Senate action: Adopted  
Read second time: March 24, 2009

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## CHAPTER \_\_\_\_\_

1 AN ACT concerning

2 **Biotechnology Investment Incentive Tax Credit**

3 FOR the purpose of altering the definition of “qualified investor” under a certain tax  
4 credit allowed for certain investments in certain biotechnology companies;  
5 clarifying the taxable year for which the credit may be claimed; repealing  
6 certain obsolete language; altering a certain applicability provision; clarifying  
7 certain provisions requiring the recapture of the credit under certain  
8 circumstances; and generally relating to a certain tax credit allowed for certain  
9 investments in certain biotechnology companies.

10 BY repealing and reenacting, with amendments,  
11 Article – Tax – General  
12 Section 10–725(a)(6)(i), (b)(1), and (f)(1) and (2)  
13 Annotated Code of Maryland  
14 (2004 Replacement Volume and 2008 Supplement)

15 BY repealing  
16 Article – Tax – General  
17 Section 10–725(e)(3)(vii)  
18 Annotated Code of Maryland  
19 (2004 Replacement Volume and 2008 Supplement)

20 BY repealing and reenacting, with amendments,  
21 Chapter 518 of the Acts of the General Assembly of 2008  
22 Section 2

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**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 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 10–725.

5 (a) (6) (i) “Qualified investor” means any **INDIVIDUAL OR** entity that  
6 invests at least \$25,000 in a qualified Maryland biotechnology company and that is  
7 required to file an income tax return in any jurisdiction.

8 (b) (1) Subject to paragraphs (2) and (3) of this subsection and subsections  
9 (d) and (e) of this section, **FOR THE TAXABLE YEAR IN WHICH AN INVESTMENT IN A**  
10 **QUALIFIED MARYLAND BIOTECHNOLOGY COMPANY IS MADE**, a qualified investor  
11 may claim a credit against the State income tax in an amount equal to the amount of  
12 tax credit stated in the final credit certificate approved by the Secretary for [an] **THE**  
13 investment [in a qualified Maryland biotechnology company] as provided under this  
14 section.

15 (e) (3) [(vii) A qualified investor may redeem a final tax credit certificate  
16 for a taxable year beginning after December 31, 2006.]

17 (f) (1) The credit claimed under this section shall be recaptured as  
18 provided in paragraph (2) of this subsection if within 2 years from the close of the  
19 taxable year [in] **FOR** which the credit is [approved] **CLAIMED**:

20 (i) the qualified investor sells, transfers, or otherwise disposes  
21 of the ownership interest in the qualified Maryland biotechnology company that gave  
22 rise to the credit; or

23 (ii) the qualified Maryland biotechnology company that gave  
24 rise to the credit ceases operating as an active business with its headquarters and  
25 base of operations in the State.

26 (2) The amount required to be recaptured under this subsection is the  
27 product of multiplying:

28 (i) the total amount of the credit claimed or, in the case of an  
29 event described in paragraph (1)(i) of this subsection, the portion of the credit  
30 attributable to the ownership interest disposed of; and

31 (ii) 1. 100%, if the event requiring recapture of the credit  
32 occurs during the taxable year [in] **FOR** which the tax credit is [approved] **CLAIMED**;

33 2. 67%, if the event requiring recapture of the credit  
34 occurs during the first year after the close of the taxable year for which the tax credit  
35 is [approved] **CLAIMED**; or

1                   3.     33%, if the event requiring recapture of the credit  
2 occurs more than 1 year but not more than 2 years after the close of the taxable year  
3 for which the tax credit is [approved] CLAIMED.

4                                   **Chapter 518 of the Acts of 2008**

5                   SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect  
6 July 1, 2008[, and shall be applicable to all taxable years beginning after December  
7 31, 2008]. **A TAX CREDIT FOR AN INVESTMENT IN A QUALIFIED MARYLAND**  
8 **BIOTECHNOLOGY COMPANY UNDER THE PROVISIONS OF § 10-725 OF THE TAX –**  
9 **GENERAL ARTICLE AS AMENDED BY SECTION 1 OF THIS ACT SHALL BE**  
10 **CLAIMED FOR THE TAXABLE YEAR IN WHICH THE INVESTMENT IS MADE.**

11                   SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect  
12 July 1, 2009.

Approved:

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Governor.

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President of the Senate.

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Speaker of the House of Delegates.