

# HOUSE BILL 592

Q7

2lr0137

---

By: **Chair, Ways and Means Committee (By Request – Departmental – Business and Economic Development)**

Introduced and read first time: February 6, 2012

Assigned to: Ways and Means

---

## A BILL ENTITLED

1 AN ACT concerning

2 **Tax Credit for Businesses That Create New Jobs – Enhanced Credit –**  
3 **Extension**

4 FOR the purpose of extending the duration of certain property tax and State tax  
5 credits granted to certain business entities that construct or expand certain  
6 business premises under certain circumstances; declaring the intent of the  
7 General Assembly; providing for the application of this Act; and generally  
8 relating to property and State tax credits granted to certain business entities.

9 BY repealing and reenacting, with amendments,  
10 Article – Tax – Property  
11 Section 9–230(d)  
12 Annotated Code of Maryland  
13 (2007 Replacement Volume and 2011 Supplement)

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

16 **Article – Tax – Property**

17 9–230.

18 (d) (1) For a business entity to qualify for an enhanced property tax credit  
19 under this subsection, the business entity, along with its affiliates, shall:

20 (i) 1. obtain at least 250,000 square feet of new or expanded  
21 premises by purchasing newly constructed premises, constructing new premises,  
22 causing new premises to be constructed, or leasing newly constructed premises;

---

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1                   2.     continue to employ at least 2,500 individuals in  
2 existing permanent full-time positions paying at least 150% of the federal minimum  
3 wage and located at premises in the State where the business entity, along with its  
4 affiliates, is primarily engaged in one or more of the industries listed in paragraph (2)  
5 of this subsection; and

6                   3.     employ at least 500 individuals in new permanent  
7 full-time positions paying at least 150% of the federal minimum wage and located in  
8 the new or expanded premises, and, if applicable, in newly renovated premises  
9 adjoining or otherwise neighboring the new or expanded premises;

10                   (ii)    1.     obtain at least 250,000 square feet of new or expanded  
11 premises by purchasing newly constructed premises, constructing new premises,  
12 causing new premises to be constructed, or leasing newly constructed premises; and

13                   2.     employ at least 1,250 individuals in new permanent  
14 full-time positions paying at least 150% of the federal minimum wage and located in  
15 the new or expanded premises and, if applicable, in newly renovated premises  
16 adjoining or otherwise neighboring the new or expanded premises; or

17                   (iii)   in Montgomery County only:

18                   1.     expend at least \$150 million to obtain at least 700,000  
19 square feet of new or expanded premises by purchasing newly constructed premises,  
20 constructing new premises, causing new premises to be constructed, or leasing newly  
21 constructed premises; and

22                   2.     employ a total of at least 1,100 individuals in  
23 full-time positions consisting of both full-time positions of indefinite duration and  
24 contract positions of definite duration lasting at least 12 months with an unlimited  
25 renewal option, and including at least 500 individuals in new permanent full-time  
26 positions, with all positions:

27                   A.     receiving an employer provided subsidized health care  
28 benefits package;

29                   B.     paying at least 150% of the federal minimum wage;  
30 and

31                   C.     located in the new or expanded premises and, if  
32 applicable, in newly renovated premises adjoining or otherwise neighboring the new or  
33 expanded premises.

34                   (2)    For a business entity to qualify for an enhanced property tax credit  
35 under this subsection, the business entity, along with its affiliates, shall be primarily  
36 engaged in one or more of the following at the qualifying premises:

- 1 (i) manufacturing or mining;
- 2 (ii) transportation or communications;
- 3 (iii) agriculture, forestry, or fishing;
- 4 (iv) research, development, or testing;
- 5 (v) biotechnology;
- 6 (vi) computer programming, data processing, or other  
7 computer-related services;
- 8 (vii) central services as defined in § 6-101 of the Economic  
9 Development Article;
- 10 (viii) the operation of central administrative offices or a company  
11 headquarters as defined in § 6-101 of the Economic Development Article;
- 12 (ix) a public utility;
- 13 (x) warehousing; or
- 14 (xi) business services.

15 (3) To qualify for the enhanced property tax credit under this  
16 subsection, a business entity shall:

17 (i) within a 6-year period beginning on the notification date,  
18 employ individuals in the number of new permanent full-time positions required  
19 under paragraph (1) of this subsection;

20 (ii) during the 6-year hiring period, obtain and occupy the new  
21 or expanded premises and, if applicable, the newly renovated premises adjoining or  
22 otherwise neighboring the new or expanded premises; and

23 (iii) during the 6-year hiring period, comply with all other  
24 requirements for the credits described in this subsection and in any applicable local  
25 law.

26 (4) (i) If a business entity meets the requirements of this  
27 subsection and subsection (b) of this section and of applicable local law adopted under  
28 subsection (b)(1) of this section, for each of the first [12] 24 taxable years after it  
29 qualifies for the credit, a property tax credit may be claimed against the county or  
30 municipal corporation property taxes that would otherwise be due.

1 (ii) The county or municipal corporation shall compute the  
2 amount of the property tax credit granted to equal 58.5% of the amount of property tax  
3 imposed on the increase in assessment of:

4 1. the new or expanded premises;

5 2. newly renovated real property improvements  
6 adjoining or otherwise neighboring the new or expanded premises, if the renovations  
7 are substantial, as defined in legislation enacted by the county or municipal  
8 corporation to grant the credits under this subsection; and

9 3. the personal property located on the premises  
10 described in items 1 and 2 of this subparagraph.

11 (iii) The increase in assessment shall be measured from the  
12 notification date to the applicable annual assessment date after the county or  
13 municipal corporation has certified that the business entity has qualified for the  
14 credit.

15 (5) On receipt of notification under subsection (b)(7) of this section  
16 that a business entity has been certified for an enhanced property tax credit under  
17 this subsection, the Department shall compute and certify to the Comptroller or, in the  
18 case of the insurance premiums tax, the Maryland Insurance Commissioner the  
19 amount of the State tax credit authorized under this subsection that may be claimed  
20 by the business entity or any of its affiliates against the individual or corporate income  
21 tax, insurance premiums tax, or financial institution franchise tax that would  
22 otherwise be due to equal 31.5% of the amount of property tax imposed on the increase  
23 in assessment of the real and personal property described in paragraph (4)(ii) of this  
24 subsection for each of the first [12] 24 taxable years for which the credit is allowed.

25 (6) If a business entity or any of its affiliates claim the enhanced tax  
26 credits under this subsection for a certain premises, they may not claim the tax credits  
27 under subsection (c) of this section.

28 SECTION 2. AND BE IT FURTHER ENACTED, That it is the intent of the  
29 General Assembly that the extension of the duration of the tax credits provided under  
30 this Act shall apply to any business entity or affiliate of a business entity that  
31 qualified for the tax credits before the effective date of this Act.

32 SECTION 3. AND BE IT FURTHER ENACTED, That this Act shall take effect  
33 July 1, 2012, and shall be applicable to all taxable years beginning after December 31,  
34 2012.