

# HOUSE BILL 592

Q7

2lr0137  
CF 2lr3449

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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

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Committee Report: Favorable

House action: Adopted

Read second time: March 20, 2012

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

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:

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

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

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

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

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

20 (iii) in Montgomery County only:

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

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

30 A. receiving an employer provided subsidized health care  
31 benefits package;

32 B. paying at least 150% of the federal minimum wage;  
33 and

34 C. located in the new or expanded premises and, if  
35 applicable, in newly renovated premises adjoining or otherwise neighboring the new or  
36 expanded premises.

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

4                   (i) manufacturing or mining;

5                   (ii) transportation or communications;

6                   (iii) agriculture, forestry, or fishing;

7                   (iv) research, development, or testing;

8                   (v) biotechnology;

9                   (vi) computer programming, data processing, or other  
10 computer-related services;

11                   (vii) central services as defined in § 6-101 of the Economic  
12 Development Article;

13                   (viii) the operation of central administrative offices or a company  
14 headquarters as defined in § 6-101 of the Economic Development Article;

15                   (ix) a public utility;

16                   (x) warehousing; or

17                   (xi) business services.

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

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

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

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

29           (4) (i) If a business entity meets the requirements of this  
30 subsection and subsection (b) of this section and of applicable local law adopted under

1 subsection (b)(1) of this section, for each of the first [12] 24 taxable years after it  
2 qualifies for the credit, a property tax credit may be claimed against the county or  
3 municipal corporation property taxes that would otherwise be due.

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

7 1. the new or expanded premises;

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

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

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

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

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

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

35 SECTION 3. AND BE IT FURTHER ENACTED, That this Act shall take effect  
36 July 1, 2012, and shall be applicable to all taxable years beginning after December 31,  
37 2012.