

HOUSE BILL 1107

C8

2lr2497
CF SB 477

By: **Delegates Olszewski, Arora, Beidle, Bohanan, DeBoy, James, McDonough, Weir, and Wood**

Introduced and read first time: February 10, 2012

Assigned to: Ways and Means

Committee Report: Favorable with amendments

House action: Adopted

Read second time: April 1, 2012

CHAPTER _____

1 AN ACT concerning

2 **Job Creation Tax Credit – ~~Amount of Credit and~~ Termination Provisions**

3 FOR the purpose of altering the ~~determination of the amount~~ termination provisions
4 of a certain job creation tax credit earned by a qualified business entity under
5 certain circumstances; ~~altering the termination provisions for the tax credit;~~
6 ~~providing for the application of this Act;~~ and generally relating to the job
7 creation tax credit program.

8 BY repealing and reenacting, without amendments,
9 Article – Economic Development
10 Section ~~6–301(e) and 6–304(b)~~
11 Annotated Code of Maryland
12 (2008 Volume and 2011 Supplement)

13 BY repealing and reenacting, with amendments,
14 Article – Economic Development
15 Section ~~6–304(b) and 6–309~~
16 Annotated Code of Maryland
17 (2008 Volume and 2011 Supplement)

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

20 **Article – Economic Development**

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 6–301.

2 (e) “Revitalization area” means:

3 (1) an enterprise zone designated by the Secretary under § 5–704 of
4 this article;

5 (2) an enterprise zone designated by the United States government
6 under 42 U.S.C. §§ 11501 through 11505;

7 (3) an empowerment zone or enterprise community designated by the
8 United States government under 26 U.S.C. §§ 1391 through 1397F; or

9 (4) a sustainable community, as defined in § 6–301 of the Housing and
10 Community Development Article.

11 6–304.

12 (b) (1) Except as provided in this section, the credit earned under this
13 section:

14 (i) for qualified employees working in a facility not located in a
15 revitalization area, is the lesser of:

16 1. ~~[\$1,000]~~ ~~\$5,000~~ multiplied by the number of qualified
17 employees employed by the qualified business entity during the credit year; and

18 2. ~~[2.5%]~~ ~~12.5%~~ of the wages paid by the qualified
19 business entity during the credit year to the qualified employees; and

20 (ii) for qualified employees working in a facility located in a
21 revitalization area, is the lesser of:

22 1. ~~[\$1,500]~~ ~~\$7,500~~ multiplied by the number of qualified
23 employees employed by the qualified business entity during the credit year; and

24 2. ~~[5%]~~ ~~25%~~ of the wages paid by the qualified business
25 entity during the credit year to the qualified employees.

26 (2) The credit earned by a qualified business entity under this subtitle
27 may not exceed \$1,000,000 for any credit year.

28 6–309.

1 (a) ~~(1)~~ Subject to ~~paragraph (2)~~ **SUBSECTION (B)** of this ~~subsection~~
 2 **SECTION**, this subtitle and the tax credit authorized under it shall terminate on
 3 January 1, [2014] **2020**.

4 ~~(2) (B) As provided in this subtitle, for taxable years beginning on~~
 5 ~~or after January 1, [2014] 2020, tax credits earned in credit years beginning before~~
 6 ~~January 1, [2014] 2020, may~~ **AFTER TERMINATION OF THIS SUBTITLE:**

7 **(1) A BUSINESS ENTITY MAY BE CONSIDERED FOR ELIGIBILITY**
 8 **FOR THE TAX CREDIT AUTHORIZED UNDER THIS SUBTITLE BASED ON POSITIONS**
 9 **FILLED BEFORE TERMINATION OF THIS SUBTITLE, PROVIDED THAT THE OTHER**
 10 **REQUIREMENTS OF THE SUBTITLE ARE SATISFIED; AND**

11 **(2) TAX CREDITS EARNED MAY** be allowed ratably over a 2-year
 12 period, may be carried forward, and are subject to recapture in accordance with §
 13 6-305 of this subtitle.

14 ~~(b) The tax credit authorized under this subtitle:~~

15 ~~(1) may be claimed only for qualified positions at a newly established~~
 16 ~~or expanded business facility that commences operations before January 1, [2013]~~
 17 ~~2019; and~~

18 ~~(2) may not be earned for a credit year beginning on or after January~~
 19 ~~1, [2014] 2020.~~

20 ~~SECTION 2. AND BE IT FURTHER ENACTED, That § 6-304(b) of the~~
 21 ~~Economic Development Article, as amended by this Act, shall be applicable to the job~~
 22 ~~creation tax credit earned by a person certified as a qualified business entity on or~~
 23 ~~after July 1, 2012.~~

24 ~~SECTION 3. 2.~~ **SECTION 2.** AND BE IT FURTHER ENACTED, That this Act shall take
 25 effect July 1, 2012.

Approved:

Governor.

Speaker of the House of Delegates.

President of the Senate.