

SENATE BILL 477

C8

2lr2451
CF HB 1107

By: **Senators Klausmeier, Kittleman, Astle, Colburn, DeGrange, Forehand, Kasemeyer, Middleton, Robey, Rosapepe, ~~and Stone~~ Stone, Brinkley, Currie, Edwards, Jones–Rodwell, King, Madaleno, Manno, and Peters**

Introduced and read first time: February 2, 2012

Assigned to: Budget and Taxation

Committee Report: Favorable with amendments

Senate action: Adopted

Read second time: March 27, 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 of a certain job creation
4 tax credit earned by a qualified business entity under certain circumstances;
5 altering the termination provisions for the tax credit; providing for the
6 application of this Act; and generally relating to the job creation tax credit
7 program.

8 BY repealing and reenacting, without amendments,
9 Article – Economic Development
10 Section 6–301(e)
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:

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 **Article – Economic Development**

2 6–301.

3 (e) “Revitalization area” means:

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

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

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

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

12 6–304.

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

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

17 1. ~~[\$1,000]~~ ~~\$5,000~~ \$3,000 multiplied by the number of
18 qualified employees employed by the qualified business entity during the credit year;
19 ~~and~~ OR

20 2. ~~[2.5%]~~ ~~12.5%~~ 7.5% of the wages paid by the qualified
21 business entity during the credit year to the qualified employees; and

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

24 1. ~~[\$1,500]~~ ~~\$7,500~~ \$4,500 multiplied by the number of
25 qualified employees employed by the qualified business entity during the credit year;
26 ~~and~~ OR

27 2. ~~[5%]~~ ~~25%~~ 15% of the wages paid by the qualified
28 business entity during the credit year to the qualified employees.

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

1 6-309.

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

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

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

12 **(2) TAX CREDITS EARNED MAY** be allowed ratably over a 2-year
13 period, may be carried forward, and are subject to recapture in accordance with §
14 6-305 of this subtitle.

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

16 ~~(1) may be claimed only for qualified positions at a newly established~~
17 ~~or expanded business facility that commences operations before January 1, [2013]~~
18 ~~2019; and~~

19 ~~(2) may not be earned for a credit year beginning on or after January~~
20 ~~1, [2014] 2020.~~

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

25 SECTION 3. AND BE IT FURTHER ENACTED, That this Act shall take effect
26 July 1, 2012.