

# HOUSE BILL 1231

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By: ~~Delegates McMillan, Cardin, and Serafini~~ Delegate McMillan

Introduced and read first time: February 8, 2013

Assigned to: Health and Government Operations

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Committee Report: Favorable with amendments

House action: Adopted

Read second time: April 1, 2013

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

1 AN ACT concerning

2 **State Aid – Business Transparency and Financial Disclosure Act**

3 FOR the purpose of requiring certain corporations that receive certain State subsidies  
4 of at least a certain amount to file a certain annual disclosure report with the  
5 granting body that provides the subsidy; requiring the disclosure report to  
6 contain certain information; requiring the disclosure report to be provided on or  
7 before a certain date; requiring a granting body to publish the disclosure report  
8 on its Web site on or before a certain date; defining certain terms; and generally  
9 relating to the filing of certain disclosure reports.

10 BY adding to

11 Article – State Finance and Procurement

12 Section 7–407

13 Annotated Code of Maryland

14 (2009 Replacement Volume and 2012 Supplement)

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

17 **Article – State Finance and Procurement**

18 **7–407.**

19 (A) (1) IN THIS SECTION THE FOLLOWING WORDS HAVE THE  
20 MEANINGS INDICATED.

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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           (2) “CORPORATE PARENT” MEANS A PERSON, ASSOCIATION,  
2 CORPORATION, JOINT VENTURE, PARTNERSHIP, OR OTHER ENTITY THAT OWNS  
3 OR CONTROLS AT LEAST 50% OF A RECIPIENT CORPORATION.

4           (3) “FULL-TIME JOB” MEANS A JOB IN WHICH AN INDIVIDUAL IS  
5 EMPLOYED BY A RECIPIENT CORPORATION FOR AT LEAST 35 HOURS PER WEEK.

6           (4) “GRANTING BODY” MEANS A UNIT OF STATE GOVERNMENT OR  
7 OTHER STATE ENTITY THAT PROVIDES A STATE SUBSIDY.

8           (5) (I) “NEW EMPLOYEE” MEANS A FULL-TIME EMPLOYEE  
9 WHO REPRESENTS A NET INCREASE IN THE NUMBER OF INDIVIDUALS  
10 EMPLOYED BY THE RECIPIENT CORPORATION IN THE STATE.

11                   (II) “NEW EMPLOYEE” DOES NOT INCLUDE AN EMPLOYEE  
12 WHO PERFORMS A JOB THAT WAS PREVIOUSLY PERFORMED BY ANOTHER  
13 EMPLOYEE OF THE RECIPIENT CORPORATION IF THAT JOB EXISTED FOR AT  
14 LEAST 6 MONTHS BEFORE HIRING THE NEW EMPLOYEE.

15           (6) “PART-TIME JOB” MEANS A JOB IN WHICH AN INDIVIDUAL IS  
16 EMPLOYED BY A RECIPIENT CORPORATION FOR LESS THAN 35 HOURS PER  
17 WEEK.

18           (7) (I) “RECIPIENT CORPORATION” MEANS A ~~PERSON~~  
19 BUSINESS, ASSOCIATION, CORPORATION, JOINT VENTURE, PARTNERSHIP, OR  
20 OTHER ENTITY THAT RECEIVES A STATE SUBSIDY.

21                   (II) “RECIPIENT CORPORATION” DOES NOT INCLUDE AN  
22 INDIVIDUAL.

23           (8) (I) “STATE SUBSIDY” MEANS ANY ~~EXPENDITURE OF PUBLIC~~  
24 FUNDS STATE AID WITH A TOTAL VALUE OF AT LEAST ~~\$25,000~~ \$50,000  
25 PROVIDED TO A RECIPIENT CORPORATION.

26                   (II) “STATE SUBSIDY” INCLUDES ~~BONDS, GRANTS,~~ LOANS,  
27 LOAN GUARANTEES, ~~TAX INCREMENT FINANCING,~~ FEE WAIVERS, ~~LAND PRICE~~  
28 ~~SUBSIDIES,~~ MATCHING FUNDS, TAX ABATEMENTS, TAX EXEMPTIONS, AND TAX  
29 CREDITS.

30           (9) “SUBSIDY VALUE” MEANS THE FACE VALUE OF ALL STATE  
31 SUBSIDIES PROVIDED TO A RECIPIENT CORPORATION.

1           **(10) “TEMPORARY JOB” MEANS A JOB IN WHICH AN INDIVIDUAL IS**  
2 **HIRED FOR A SEASON OR FOR A LIMITED PERIOD OF TIME.**

3           **(B) (1) EACH RECIPIENT CORPORATION SHALL FILE A DISCLOSURE**  
4 **REPORT WITH THE GRANTING BODY AS PROVIDED IN THIS SUBSECTION.**

5           **(2) (I) IF THE GRANTING BODY IS THE DEPARTMENT OF**  
6 **BUSINESS AND ECONOMIC DEVELOPMENT, THE DEPARTMENT SHALL REQUIRE**  
7 **A RECIPIENT CORPORATION THAT RECEIVES A STATE SUBSIDY UNDER ANY OF**  
8 **THE FOLLOWING PROGRAMS TO FILE A DISCLOSURE REPORT:**

9                           **1. THE JOB CREATION TAX CREDIT;**

10                           **2. THE ONE MARYLAND TAX CREDIT;**

11                           **3. THE MARYLAND ECONOMIC DEVELOPMENT**  
12 **ASSISTANCE AUTHORITY AND FUND (MEDAAF) PROGRAM FINANCIAL**  
13 **ASSISTANCE FOR SIGNIFICANT STRATEGIC ECONOMIC DEVELOPMENT**  
14 **OPPORTUNITIES AND LOCAL ECONOMIC DEVELOPMENT OPPORTUNITIES; AND**

15                           **4. THE ECONOMIC DEVELOPMENT OPPORTUNITIES**  
16 **PROGRAM FUND (EDOPF).**

17                           **(II) THE DISCLOSURE REPORT REQUIRED UNDER**  
18 **SUBPARAGRAPH (I) OF THIS PARAGRAPH SHALL INCLUDE THE FOLLOWING**  
19 **INFORMATION:**

20                           **1. FOR THE JOB CREATION TAX CREDIT AND THE**  
21 **ONE MARYLAND TAX CREDIT:**

22                                   **A. THE NAMES OF THE TAXPAYERS THAT RECEIVED**  
23 **FINAL TAX CERTIFICATES IN THE REPORTING YEAR;**

24                                   **B. THE NUMBER OF JOBS CERTIFIED; AND**

25                                   **C. THE AGGREGATE AND AVERAGE WAGES FOR**  
26 **THOSE JOBS;**

27                                   **2. FOR THE ONE MARYLAND TAX CREDIT, THE**  
28 **TOTAL START-UP AND PROJECT COSTS CERTIFIED FOR EACH APPLICANT IN THE**  
29 **REPORTING YEAR; AND**

1                   **3.    FOR THE MEDAAF AND EDOPF ASSISTANCE,**  
2 **THE NUMBER OF JOBS RETAINED AND NEW JOBS CREATED FOR EACH**  
3 **TRANSACTION SETTLED DURING THE REPORTING YEAR.**

4                   **(III) A RECIPIENT CORPORATION THAT IS REQUIRED TO FILE**  
5 **AN ANNUAL PROXY STATEMENT WITH THE FEDERAL SECURITIES AND**  
6 **EXCHANGE COMMISSION SHALL ALSO PROVIDE INFORMATION ON THE TYPE**  
7 **AND AMOUNT OF COMPENSATION PAID TO ITS CHIEF EXECUTIVE OFFICER,**  
8 **CHIEF FINANCIAL OFFICER, AND ITS THREE OTHER MOST HIGHLY**  
9 **COMPENSATED EXECUTIVE OFFICERS.**

10                   **(2) (3)    ~~THE GRANTING BODY~~ IF THE GRANTING BODY IS AN**  
11 **ENTITY OTHER THAN THE DEPARTMENT OF BUSINESS AND ECONOMIC**  
12 **DEVELOPMENT, THE ENTITY SHALL PROVIDE THE DISCLOSURE REPORT FORM**  
13 **THAT INCLUDES THE FOLLOWING INFORMATION:**

14                   **(I)    THE NAME, MAILING ADDRESSES, PHONE NUMBER, AND**  
15 **CHIEF OFFICER OF THE RECIPIENT CORPORATION;**

16                   **(II)   THE RECIPIENT CORPORATION'S NORTH AMERICAN**  
17 **INDUSTRY CLASSIFICATION SYSTEM INDUSTRY CODE;**

18                   **(III) A SUMMARY OF THE PUBLIC PURPOSE THAT THE**  
19 **RECIPIENT CORPORATION PROVIDES;**

20                   **(IV) A SUMMARY OF THE ACTIVITY AND LOCATION WHERE**  
21 **THE ACTIVITY THAT GENERATES ELIGIBILITY FOR THE STATE SUBSIDY TAKES**  
22 **PLACE;**

23                   **(V) A SUMMARY OF THE NUMBER OF FULL-TIME,**  
24 **PART-TIME, AND TEMPORARY JOBS WHICH ARE:**

25                   **1.    REQUIRED TO BE CREATED OR RETAINED BY THE**  
26 **TERMS OF THE STATE SUBSIDY, IF APPLICABLE; AND**

27                   **2.    CREATED OR LOST AS OF DECEMBER 31 OF THE**  
28 **PREVIOUS YEAR, IF THE PURPOSE OF THE SUBSIDY IS RELATED TO JOB**  
29 **CREATION OR RETENTION;**

30                   **(VI) A SUMMARY OF THE COMPENSATION PLANS OF THE**  
31 **FOLLOWING INDIVIDUALS IF THE ~~TOTAL COMPENSATION PLAN FOR THE~~**  
32 **~~INDIVIDUAL IS GREATER THAN \$100,000~~ RECIPIENT CORPORATION IS**  
33 **REQUIRED TO FILE AN ANNUAL PROXY STATEMENT WITH THE FEDERAL**  
34 **SECURITIES AND EXCHANGE COMMISSION:**

1                   1.   ~~THE PRINCIPAL EXECUTIVE~~ THE ENTITY'S CHIEF  
2 EXECUTIVE AND CHIEF FINANCIAL OFFICERS OR ANY INDIVIDUAL ACTING IN  
3 THAT CAPACITY DURING THE YEAR; AND

4                   2.   ~~THE~~ THE ENTITY'S OTHER THREE HIGHEST PAID  
5 EXECUTIVE OFFICERS; AND

6                   ~~3.   TWO EXECUTIVE OFFICERS WHO WOULD HAVE~~  
7 ~~MET THE REQUIREMENT IN ITEM 2 OF THIS SUBPARAGRAPH IF THE INDIVIDUAL~~  
8 ~~WAS SERVING AS AN EXECUTIVE OFFICER AT THE END OF THE LAST COMPLETED~~  
9 ~~FISCAL YEAR; AND~~

10                   (VII) ANY OTHER INFORMATION THE GRANTING BODY  
11 DETERMINES IS NECESSARY TO EVALUATE THE PURPOSE OF THE STATE  
12 SUBSIDY.

13                   ~~(3)~~ (4)       THE JOB SUMMARY REQUIRED UNDER PARAGRAPH  
14 ~~(2)(v)~~ (3)(v) OF THIS SUBSECTION SHALL INCLUDE:

15                   (I)   THE TOTAL EMPLOYMENT IN THE STATE OF THE  
16 RECIPIENT'S CORPORATE PARENT FOR THE 2 PREVIOUS YEARS; AND

17                   (II)   THE SALARY AND INSURANCE COVERAGE DETAILS FOR  
18 ANY JOBS CREATED.

19                   ~~(4)~~ (5)       THE DISCLOSURE REPORT SHALL INCLUDE A SUMMARY  
20 OF ANY INSTANCE DURING THE PREVIOUS CALENDAR YEAR IN WHICH THE  
21 RECIPIENT CORPORATION OR CORPORATE PARENT WAS DETERMINED BY A UNIT  
22 OF FEDERAL, STATE, OR LOCAL GOVERNMENT TO HAVE VIOLATED ANY  
23 FEDERAL, STATE, OR LOCAL LAW OR REGULATION.

24                   ~~(5)~~ (6)       THE CHIEF OFFICER OF THE RECIPIENT CORPORATION  
25 SHALL SIGN A CERTIFICATION AS TO THE ACCURACY OF THE DISCLOSURE  
26 REPORT.

27                   ~~(6)~~ (7)       ON OR BEFORE DECEMBER 31 OF EACH YEAR, A  
28 RECIPIENT CORPORATION SHALL FILE A DISCLOSURE REPORT FOR THE YEAR IF  
29 THE RECIPIENT CORPORATION RECEIVES A STATE SUBSIDY DURING THE YEAR.

30                   (C)   (1)   ON OR BEFORE APRIL 1 OF EACH YEAR, THE GRANTING BODY  
31 SHALL PUBLISH ON THE GRANTING BODY'S WEB SITE A COMPILATION OF THE  
32 DISCLOSURE REPORTS.

1           **(2) THE DISCLOSURE REPORTS SHALL BE MAINTAINED IN A**  
2 **SEARCHABLE DATABASE AND IN A SPREADSHEET FORM THAT CAN BE**  
3 **DOWNLOADED.**

4           **(3) (I) THE GRANTING BODY SHALL DETERMINE IF THE**  
5 **RECIPIENT CORPORATION HAS MET THE REQUIREMENTS OF THE STATE**  
6 **SUBSIDY.**

7                   **(II) THE DISCLOSURE REPORT SHALL CONTAIN THE**  
8 **GRANTING BODY’S DETERMINATION.**

9           SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect  
10 October 1, 2013.

Approved:

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Governor.

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Speaker of the House of Delegates.

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President of the Senate.