

SENATE BILL 600

C8, F2, Q2

(4lr0862)

ENROLLED BILL

— Budget and Taxation / Ways and Means —

Introduced by **Senators Pugh, Astle, Benson, Brinkley, Colburn, Currie, DeGrange, Edwards, Feldman, Ferguson, Forehand, Frosh, Getty, Gladden, Glassman, Jones-Rodwell, Kasemeyer, King, Kittleman, Klausmeier, Madaleno, Manno, Mathias, McFadden, Miller, Peters, Ramirez, Raskin, Robey, Rosapepe, Stone, and Young**

Read and Examined by Proofreaders:

Proofreader.

Proofreader.

Sealed with the Great Seal and presented to the Governor, for his approval this

_____ day of _____ at _____ o'clock, _____ M.

President.

CHAPTER _____

1 AN ACT concerning

2 **Regional Institution Strategic Enterprise Zone Program**

3 FOR the purpose of establishing the Regional Institution Strategic Enterprise Zone
4 Program to access institutional assets that have a strong and demonstrated
5 history of commitment to economic development and revitalization in the
6 communities in which they are located; authorizing certain ~~public schools or~~
7 institutions of higher education that meet certain criteria to apply to the
8 Secretary of Business and Economic Development to be designated as a
9 qualified institution; requiring the Secretary to approve or reject an application
10 for designation as a qualified institution within a certain number of days after
11 the application is submitted; ~~authorizing a qualified institution to apply to the~~

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.

Italics indicate opposite chamber/conference committee amendments.



~~Secretary to have a certain area of the State designated as a Regional Institution Strategic Enterprise (RISE) zone; authorizing a qualified institution to make a joint application with a county, a municipal corporation, or a certain entity of a county or a municipal corporation to the Secretary to have a certain area in the State designated as a RISE Regional Institution Strategic Enterprise (RISE) zone; prohibiting certain counties and municipalities from authorizing certain property tax credits; requiring the Secretary to approve or reject a RISE zone application and define the boundaries of a RISE zone within a certain number of days on or after a certain date after the application is submitted; requiring the Secretary to provide certain notice a certain number of days before approving or rejecting an application certain applications; authorizing certain entities to provide certain advice to the Secretary; providing that the Secretary may not approve more than a certain number of RISE zones in a county or municipal corporation for which the county did not make a certain application; providing that a qualified institution may not be required to be in the immediate vicinity of a proposed RISE zone in a rural part of the State; authorizing the governing body of a county, under certain circumstances, to establish the percentage of a certain property tax credit; providing that the designation of a RISE zone is for a certain number of years; providing that a RISE zone may be renewed for a certain number of years under certain circumstances; prohibiting the Secretary from designating a RISE zone in certain areas; requiring the Secretary to assign a RISE zone a business development concierge; requiring the business development concierge to assist entities locating in a RISE zone with certain activities; authorizing a business entity that locates in a RISE zone to receive certain tax incentives and financial assistance if the entity or its location receives a certain certification; requiring the Department and the Comptroller, each year, to jointly make certain assessments and submit certain reports; authorizing certain political subdivisions to identify certain zones and pledge certain property taxes in certain zones; authorizing certain political subdivisions to use the proceeds from certain bond issues for certain purposes; authorizing the governing body of certain political subdivisions to create a special fund for certain purposes; authorizing the governing body of certain political subdivisions to pledge certain tax revenue generated within certain zones; requiring that a political subdivision that leases as a lessor certain property within a certain zone be assessed and taxed in a certain manner; requiring the governing body of a county or municipal corporation to grant a property tax credit on a certain assessment of qualified properties located in the RISE zone; providing for the amount of the credit; requiring the State Department of Assessments and Taxation to allocate the amount of credit based on the use of the property; providing for an enhanced credit for properties located in certain enterprise zones or certain focus areas; authorizing the governing body of a county, under certain circumstances, or municipal corporation to alter the calculation of a certain amount of the credit; providing that the governing body of a municipal corporation, under certain circumstances, may not alter the calculation of a certain credit; authorizing a county and a municipal corporation, under certain circumstances, to propose the percentage to be used for the calculation and~~

1 ~~duration of a certain tax credit~~; providing that the credit may not be claimed for
 2 more than a certain number of years; requiring the Secretary to make certain
 3 certifications; requiring the State Department of Assessments and Taxation to
 4 submit a certain list to the Secretary; ~~allowing entities locating in certain zones~~
 5 ~~to alter the calculation of a certain Maryland income tax modification for~~
 6 ~~depreciation of certain property to provide an additional allowance for the~~
 7 ~~taxable year the property is placed in service~~; making entities that locate in
 8 certain zones eligible to claim certain income tax credits for entities that employ
 9 qualified individuals in enterprise zones or focus areas; authorizing the Mayor
 10 and City Council of Baltimore City to use certain authority granted under State
 11 law to a political subdivision for tax increment financing in a certain zone;
 12 requiring the Comptroller to prepare a certain report; requiring the Department
 13 of Business and Economic Development to convene a certain group to provide
 14 certain advice; altering, subject to certain approval, the taxable year in which
 15 certain property initially becomes qualified property for certain enterprise zone
 16 property tax credits; authorizing and requiring the Secretary to adopt certain
 17 regulations; providing for the application of certain provisions of this Act;
 18 declaring the intent of the General Assembly; defining certain terms; and
 19 generally relating to the creation of the Regional Institution Strategic
 20 Enterprise Zone Program.

21 BY repealing and reenacting, with amendments,
 22 Article – Economic Development
 23 Section 5–102(9) and (10), 12–203(a) and (c), 12–207(a), 12–208(a), 12–209,
 24 12–210, and 12–211
 25 Annotated Code of Maryland
 26 (2008 Volume and 2013 Supplement)

27 BY adding to
 28 Article – Economic Development
 29 Section 5–102(10); ~~and 5–1401 through 5–1406~~ 5–1407 to be under the new
 30 subtitle “Subtitle 14. Regional Institution Strategic Enterprise Zone
 31 Program”; 12–201(n–1) and 12–207(e)
 32 Annotated Code of Maryland
 33 (2008 Volume and 2013 Supplement)

34 BY repealing and reenacting, without amendments,
 35 Article – Economic Development
 36 Section 12–201(a)
 37 Annotated Code of Maryland
 38 (2008 Volume and 2013 Supplement)

39 BY repealing and reenacting, with amendments,
 40 Article – Tax – Property
 41 Section 9–103(e)(1)
 42 Annotated Code of Maryland
 43 (2012 Replacement Volume and 2013 Supplement)

1 BY adding to
 2 Article – Tax – Property
 3 Section 9–103.1
 4 Annotated Code of Maryland
 5 (2012 Replacement Volume and 2013 Supplement)

6 ~~BY adding to~~
 7 ~~Article – Tax – General~~
 8 ~~Section 10–210.1(e)~~
 9 ~~Annotated Code of Maryland~~
 10 ~~(2010 Replacement Volume and 2013 Supplement)~~

11 ~~BY repealing and reenacting, without amendments,~~
 12 ~~Article – Tax – General~~
 13 ~~Section 10–310~~
 14 ~~Annotated Code of Maryland~~
 15 ~~(2010 Replacement Volume and 2013 Supplement)~~

16 BY repealing and reenacting, with amendments,
 17 Article – Tax – General
 18 Section 10–702
 19 Annotated Code of Maryland
 20 (2010 Replacement Volume and 2013 Supplement)

21 BY adding to
 22 The Charter of Baltimore City
 23 Article II
 24 Section (62)(L) and (62A)(U)
 25 (2007 Replacement Volume, as amended)

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

28 **Article – Economic Development**

29 5–102.

30 The Department shall administer the State’s economic development and
 31 financial assistance programs and funds including:

32 (9) jointly with the Department of Housing and Community
 33 Development, the Community Development Block Grant for Economic Development;
 34 [and]

1 **(10) THE REGIONAL INSTITUTION STRATEGIC ENTERPRISE ZONE**
2 **PROGRAM UNDER SUBTITLE 14 OF THIS TITLE; AND**

3 **[(10)] (11)** any other programs or funds designated by statute, the
4 Governor, or the Secretary.

5 **SUBTITLE 14. REGIONAL INSTITUTION STRATEGIC ENTERPRISE ZONE**
6 **PROGRAM.**

7 **5-1401.**

8 **(A) IN THIS SUBTITLE THE FOLLOWING WORDS HAVE THE MEANINGS**
9 **INDICATED.**

10 **(B) “AREA” MEANS A GEOGRAPHIC AREA IN ONE OR MORE POLITICAL**
11 **SUBDIVISIONS IN THE STATE DESCRIBED BY A CLOSED PERIMETER BOUNDARY.**

12 **(C) “NONPROFIT ORGANIZATION” MEANS AN ORGANIZATION THAT IS**
13 **EXEMPT OR ELIGIBLE FOR EXEMPTION FROM TAXATION UNDER § 501(C)(3) OF**
14 **THE INTERNAL REVENUE CODE.**

15 ~~**(D) “PUBLIC SCHOOL” HAS THE MEANING STATED IN § 1-101 OF THE**~~
16 ~~**EDUCATION ARTICLE.**~~

17 ~~**(E) (D)**~~ **“QUALIFIED INSTITUTION” MEANS AN ENTITY THAT IS**
18 **DESIGNATED AS A QUALIFIED INSTITUTION UNDER § 5-1403 OF THIS SUBTITLE**
19 **AND MAY INCLUDE:**

20 ~~**(1) A PUBLIC SCHOOL;**~~

21 ~~**(2) (1) A NONPROFIT ORGANIZATION THAT IS AFFILIATED WITH**~~
22 ~~**NEW CONSTRUCTION OR RENOVATION OF A PUBLIC SCHOOL**~~ **A REGIONAL**
23 **HIGHER EDUCATION CENTER AS DEFINED UNDER § 10-101 OF THE EDUCATION**
24 **ARTICLE;**

25 ~~**(3) (2)**~~ **AN INSTITUTION OF HIGHER EDUCATION AS DEFINED**
26 **UNDER § 10-101 OF THE EDUCATION ARTICLE; OR**

27 ~~**(4) (3)**~~ **A NONPROFIT ORGANIZATION THAT IS AFFILIATED WITH**
28 **A FEDERAL AGENCY.**

29 ~~**(E) (E)**~~ **“RISE ZONE” MEANS ~~AN~~ A GEOGRAPHIC AREA IN IMMEDIATE**
30 **PROXIMITY TO A QUALIFIED INSTITUTION THAT IS TARGETED FOR INCREASED**
31 **ECONOMIC AND COMMUNITY DEVELOPMENT** **THAT MEETS THE REQUIREMENTS**

1 OF § 5-1404 OF THIS SUBTITLE AND IS DESIGNATED AS A ~~RISE~~ REGIONAL
2 INSTITUTION STRATEGIC ENTERPRISE ZONE BY THE SECRETARY UNDER §
3 5-1404 OF THIS SUBTITLE.

4 5-1402.

5 THE PURPOSE OF THE REGIONAL INSTITUTION STRATEGIC ENTERPRISE
6 ZONE PROGRAM IS TO ACCESS INSTITUTIONAL ASSETS THAT HAVE A STRONG
7 AND DEMONSTRATED HISTORY OF COMMITMENT TO ECONOMIC DEVELOPMENT
8 AND REVITALIZATION IN THE COMMUNITIES IN WHICH THEY ARE LOCATED.

9 5-1403.

10 (A) AN INSTITUTION MAY APPLY TO THE SECRETARY TO BE
11 DESIGNATED AS A QUALIFIED INSTITUTION.

12 (B) TO BE ELIGIBLE FOR DESIGNATION AS A QUALIFIED INSTITUTION,
13 THE APPLICANT SHALL:

14 (1) EVIDENCE AN INTENTION:

15 (I) TO MAKE A SIGNIFICANT FINANCIAL INVESTMENT OR
16 COMMITMENT IN AN AREA OF THE STATE THAT THE APPLICANT INTENDS TO
17 BECOME A RISE ZONE;

18 (II) TO USE THE RESOURCES AND EXPERTISE OF THE
19 APPLICANT TO SPUR ECONOMIC DEVELOPMENT AND COMMUNITY
20 REVITALIZATION IN AN AREA OF THE STATE THAT THE APPLICANT INTENDS TO
21 BECOME A RISE ZONE; AND

22 (III) TO CREATE A SIGNIFICANT NUMBER OF NEW JOBS
23 WITHIN AN AREA OF THE STATE THAT THE APPLICANT INTENDS TO BECOME A
24 RISE ZONE;

25 (2) HAVE A DEMONSTRATED HISTORY OF COMMUNITY
26 INVOLVEMENT AND ECONOMIC DEVELOPMENT WITHIN THE COMMUNITIES THAT
27 THE APPLICANT SERVES; AND

28 (3) MEET THE MINIMUM FINANCIAL QUALIFICATIONS
29 ESTABLISHED BY THE SECRETARY.

30 (C) IF THE APPLICANT IS A NONPROFIT ORGANIZATION THAT IS NOT AN
31 INSTITUTION OF HIGHER EDUCATION, THE APPLICATION SHALL DEMONSTRATE
32 ~~AND ESTABLISH AN AFFILIATION WITH:~~

1 ~~(1)~~ A FEDERAL AGENCY; ~~OR~~

2 ~~(2)~~ ~~THE PROPOSED CONSTRUCTION OR RENOVATION OF A PUBLIC~~
3 ~~SCHOOL.~~

4 (D) (1) IN ADDITION TO THE REQUIREMENTS UNDER SUBSECTION (B)
5 OF THIS SECTION, THE SECRETARY MAY ESTABLISH BY REGULATION ANY
6 OTHER REQUIREMENTS NECESSARY AND APPROPRIATE IN ORDER FOR AN
7 APPLICANT TO BE DESIGNATED AS A QUALIFIED INSTITUTION.

8 (2) THE SECRETARY SHALL ADOPT REGULATIONS THAT
9 ESTABLISH FACTORS FOR EVALUATING APPLICATIONS UNDER SUBSECTION (B)
10 OF THIS SECTION.

11 (E) IN THE FORM AND CONTENT ACCEPTABLE TO THE SECRETARY, AN
12 APPLICANT SHALL SUBMIT TO THE SECRETARY AN APPLICATION THAT
13 CONTAINS THE INFORMATION THAT THE SECRETARY CONSIDERS NECESSARY
14 TO EVALUATE THE REQUEST FOR DESIGNATION AS A QUALIFIED INSTITUTION.

15 (F) (1) WITHIN 90 DAYS AFTER SUBMISSION OF AN APPLICATION
16 UNDER THIS SECTION, THE SECRETARY SHALL APPROVE OR REJECT THE
17 APPLICATION OF AN INSTITUTION TO BE DESIGNATED AS A QUALIFIED
18 INSTITUTION.

19 (2) AT LEAST 30 DAYS BEFORE APPROVAL OR REJECTION OF AN
20 APPLICATION UNDER THIS SECTION, THE SECRETARY SHALL NOTIFY THE
21 LEGISLATIVE POLICY COMMITTEE.

22 (3) THE LEGISLATIVE POLICY COMMITTEE MAY PROVIDE ADVICE
23 TO THE SECRETARY REGARDING THE APPROVAL OR REJECTION OF AN
24 INSTITUTION AS A QUALIFIED INSTITUTION.

25 5-1404.

26 (A) ~~(1)~~ ON OR AFTER JULY 1, 2015, A QUALIFIED INSTITUTION ~~MAY~~
27 SHALL APPLY JOINTLY WITH A COUNTY, A MUNICIPAL CORPORATION, OR THE
28 ECONOMIC DEVELOPMENT AGENCY OF A COUNTY OR MUNICIPAL CORPORATION
29 TO THE SECRETARY TO DESIGNATE AN AREA AS A ~~RISE~~ REGIONAL
30 INSTITUTION STRATEGIC ENTERPRISE ZONE.

31 ~~(2) A QUALIFIED INSTITUTION MAY APPLY JOINTLY WITH A~~
32 COUNTY, A MUNICIPAL CORPORATION, OR THE ECONOMIC DEVELOPMENT
33 AGENCY OF A COUNTY OR A MUNICIPAL CORPORATION.

1 (B) THE APPLICATION SHALL:

2 (1) BE IN THE FORM AND CONTAIN THE INFORMATION THAT THE
3 SECRETARY REQUIRES BY REGULATION;

4 (2) STATE THE BOUNDARIES OF THE AREA OF THE PROPOSED
5 RISE ZONE; ~~AND~~

6 (3) DESCRIBE THE NEXUS OF THE RISE ZONE WITH THE
7 QUALIFIED INSTITUTION; AND

8 ~~(3)~~ (4) CONTAIN A PLAN THAT IDENTIFIES THE TARGET
9 STRATEGY ~~FOR~~ AND ANTICIPATED ECONOMIC IMPACTS OF THE RISE ZONE.

10 (C) THE SECRETARY MAY ESTABLISH, BY REGULATION, ANY OTHER
11 REQUIREMENTS NECESSARY AND APPROPRIATE FOR AN AREA TO BE
12 DESIGNATED AS A RISE ZONE.

13 (D) (1) UNLESS A COUNTY IN WHICH A MUNICIPAL CORPORATION IS
14 LOCATED AGREES TO DESIGNATION OF A RISE ZONE IN THE MUNICIPAL
15 CORPORATION, QUALIFIED PROPERTY IN THE MUNICIPAL CORPORATION MAY
16 NOT RECEIVE A TAX CREDIT AGAINST COUNTY PROPERTY TAX.

17 (2) UNLESS A MUNICIPAL CORPORATION LOCATED WITHIN A
18 COUNTY AGREES TO DESIGNATION OF A RISE ZONE WITHIN ITS BOUNDARIES,
19 QUALIFIED PROPERTY IN THE COUNTY MAY NOT RECEIVE A TAX CREDIT AGAINST
20 THE MUNICIPAL PROPERTY TAX.

21 ~~(D)~~ (E) (1) WITHIN ~~90~~ 120 DAYS AFTER SUBMISSION OF AN
22 APPLICATION UNDER THIS SECTION, THE SECRETARY SHALL:

23 (I) APPROVE OR REJECT AN APPLICATION FOR
24 DESIGNATION OF A RISE ZONE, INCLUDING APPROVAL OR MODIFICATION OF
25 THE PROPOSED BOUNDARIES OF THE RISE ZONE; AND

26 (II) DEFINE THE BOUNDARIES OF THE APPROVED RISE
27 ZONE.

28 (2) AT LEAST ~~60~~ 45 DAYS BEFORE APPROVAL OR REJECTION OF
29 AN APPLICATION UNDER THIS SECTION, THE SECRETARY SHALL NOTIFY:

30 ~~(I)~~ THE LEGISLATIVE POLICY COMMITTEE; ~~AND~~

1 ~~(H) THE GOVERNING BODY OF THE COUNTY OR MUNICIPAL~~
2 ~~CORPORATION IN WHICH THE PROPOSED RISE ZONE IS LOCATED.~~

3 (3) THE LEGISLATIVE POLICY COMMITTEE ~~OR THE GOVERNING~~
4 ~~BODY OF THE COUNTY OR MUNICIPAL CORPORATION IN WHICH THE RISE ZONE~~
5 ~~IS LOCATED~~ MAY PROVIDE ADVICE TO THE SECRETARY REGARDING:

6 (I) THE APPROVAL OR REJECTION OF THE RISE ZONE; OR

7 (II) THE BOUNDARIES OF THE PROPOSED RISE ZONE
8 PROPOSED BY THE SECRETARY.

9 ~~(4) THE SECRETARY MAY NOT APPROVE MORE THAN 3 RISE~~
10 ~~ZONES IN A COUNTY FOR WHICH THE COUNTY DID NOT APPLY JOINTLY UNDER~~
11 ~~SUBSECTION (A)(2) OF THIS SECTION.~~

12 (F) (1) (I) SUBJECT TO SUBPARAGRAPH (II) OF THIS PARAGRAPH,
13 THE DESIGNATION OF AN AREA AS A RISE ZONE IS EFFECTIVE FOR 5 YEARS.

14 (II) UPON A JOINT APPLICATION OF A QUALIFIED
15 INSTITUTION, A COUNTY AND, IF APPLICABLE, A MUNICIPAL CORPORATION, OR
16 THE ECONOMIC DEVELOPMENT AGENCY OF A COUNTY OR MUNICIPAL
17 CORPORATION, THE SECRETARY MAY RENEW A RISE ZONE FOR AN ADDITIONAL
18 5 YEARS.

19 (2) THE SECRETARY MAY NOT APPROVE MORE THAN THREE RISE
20 ZONES IN A SINGLE COUNTY OR MUNICIPAL CORPORATION.

21 ~~(E)~~ (G) (1) A RISE ZONE MAY NOT BE REQUIRED TO BE IN THE
22 IMMEDIATE GEOGRAPHIC PROXIMITY OF A QUALIFIED INSTITUTION IF AN
23 APPROPRIATE NEXUS FOR THE INCREASED ECONOMIC AND COMMUNITY
24 DEVELOPMENT IS ESTABLISHED WITH THE QUALIFIED ORGANIZATION.

25 (2) IF THE PROPOSED RISE ZONE IS IN A RURAL PART OF THE
26 STATE, A QUALIFIED INSTITUTION MAY NOT BE REQUIRED TO BE IN THE
27 IMMEDIATE AREA OF THE RISE ZONE.

28 ~~(F) SUBJECT TO § 9-103.1(C)(5) OF THE TAX PROPERTY ARTICLE, IF~~
29 ~~A QUALIFIED INSTITUTION DOES NOT APPLY FOR THE DESIGNATION OF A RISE~~
30 ~~ZONE JOINTLY WITH A COUNTY OR THE ECONOMIC DEVELOPMENT AGENCY OF A~~
31 ~~COUNTY, THE GOVERNING BODY OF THE COUNTY MAY ESTABLISH THE~~
32 ~~PERCENTAGE OF THE AMOUNT OF THE PROPERTY TAX IMPOSED ON THE~~
33 ~~ELIGIBLE ASSESSMENT OF THE QUALIFIED PROPERTY TO WHICH THE~~

1 ~~PROPERTY TAX CREDIT ESTABLISHED UNDER § 9-103.1 OF THE TAX~~
 2 ~~PROPERTY ARTICLE APPLIES.~~

3 **(H) THE SECRETARY MAY NOT DESIGNATE A RISE ZONE IN:**

4 **(1) A DEVELOPMENT DISTRICT ESTABLISHED UNDER TITLE 12,**
 5 **SUBTITLE 2 OF THIS ARTICLE; OR**

6 **(2) A SPECIAL TAXING DISTRICT ESTABLISHED UNDER TITLE 21**
 7 **OF THE LOCAL GOVERNMENT ARTICLE OR SECTION 62A OF THE BALTIMORE**
 8 **CITY CHARTER.**

9 **(I) THE DESIGNATION OF AN AREA AS A RISE ZONE MAY NOT BE**
 10 **CONSTRUED TO LIMIT OR SUPERSEDE A PROVISION OF A COMPREHENSIVE PLAN,**
 11 **ZONING ORDINANCE, OR OTHER LAND USE POLICY ADOPTED BY A COUNTY,**
 12 **MUNICIPAL CORPORATION, OR BICOUNTY AGENCY WITH LAND USE AUTHORITY**
 13 **OVER THE AREA DESIGNATED AS A RISE ZONE.**

14 **5-1405.**

15 **(A) THE SECRETARY SHALL ASSIGN TO A RISE ZONE A BUSINESS AND**
 16 **COMMUNITY DEVELOPMENT CONCIERGE WHO IS AN EMPLOYEE OF THE**
 17 **DEPARTMENT.**

18 **(B) A BUSINESS AND COMMUNITY DEVELOPMENT CONCIERGE SHALL**
 19 **ASSIST ENTITIES LOCATING IN THE RISE ZONE WITH:**

20 **(1) STATE, COUNTY, OR MUNICIPAL CORPORATION PERMIT AND**
 21 **LICENSE APPLICATIONS;**

22 **(2) ACCESSING EXISTING PROGRAMS AT THE DEPARTMENT, THE**
 23 **DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT, THE**
 24 **DEPARTMENT OF LABOR, LICENSING, AND REGULATION, THE MARYLAND**
 25 **TECHNOLOGY DEVELOPMENT CORPORATION, OR THE DEPARTMENT OF**
 26 **TRANSPORTATION; AND**

27 **(3) ANY OTHER ACTIVITIES THE SECRETARY AUTHORIZES THAT**
 28 **RELATE TO THE DEVELOPMENT OF THE RISE ZONE.**

29 **5-1406.**

30 **(A) (1) TO THE EXTENT PROVIDED FOR IN THIS SECTION, A BUSINESS**
 31 **ENTITY THAT LOCATES IN A RISE ZONE IS ENTITLED TO:**

1 (I) THE PROPERTY TAX CREDIT UNDER § 9-103.1 OF THE
2 TAX – PROPERTY ARTICLE;

3 (II) THE INCOME TAX CREDIT UNDER § 10-702 OF THE TAX –
4 GENERAL ARTICLE; AND

5 ~~(III) THE INCOME TAX MODIFICATION UNDER § 10-210.1(C)~~
6 ~~OF THE TAX – GENERAL ARTICLE; AND~~

7 ~~(IV)~~ (III) PRIORITY CONSIDERATION FOR FINANCIAL
8 ASSISTANCE FROM PROGRAMS IN SUBTITLE 1 OF THIS TITLE.

9 (2) FOR PURPOSES OF THE INCOME TAX CREDIT AUTHORIZED
10 UNDER PARAGRAPH (1)(II) OF THIS SUBSECTION, THE BUSINESS ENTITY IS
11 TREATED AS BEING LOCATED IN AN ENTERPRISE ZONE.

12 (B) A BUSINESS ENTITY THAT MOVES INTO OR LOCATES IN A RISE
13 ZONE ON OR AFTER THE DATE THAT THE ZONE IS DESIGNATED UNDER THIS
14 SUBTITLE MAY QUALIFY FOR THE INCENTIVES UNDER THIS SECTION.

15 (C) A BUSINESS ENTITY MAY NOT QUALIFY FOR THE INCENTIVES UNDER
16 SUBSECTION (A) OF THIS SECTION UNLESS THE DEPARTMENT, IN
17 CONSULTATION WITH THE COUNTY OR MUNICIPAL CORPORATION IN WHICH A
18 RISE ZONE IS LOCATED, CERTIFIES THE BUSINESS ENTITY AND ITS LOCATION
19 AS CONSISTENT WITH THE TARGET STRATEGY OF THE RISE ZONE.

20 (D) (1) UNLESS A BUSINESS ENTITY MAKES A SIGNIFICANT CAPITAL
21 INVESTMENT OR EXPANSION OF ITS LABOR FORCE AFTER A RISE ZONE IS
22 DESIGNATED, THE INCENTIVES UNDER THIS SECTION ARE NOT AVAILABLE TO A
23 BUSINESS ENTITY THAT WAS IN A RISE ZONE BEFORE THE DATE THAT THE
24 ZONE IS DESIGNATED.

25 (2) THE DEPARTMENT SHALL ADOPT REGULATIONS
26 ESTABLISHING FACTORS TO DETERMINE IF A BUSINESS ENTITY MAKES A
27 SIGNIFICANT CAPITAL INVESTMENT OR EXPANSION OF ITS LABOR FORCE
28 UNDER PARAGRAPH (1) OF THIS SUBSECTION.

29 5-1407.

30 (A) THE DEPARTMENT AND THE COMPTROLLER JOINTLY SHALL
31 ASSESS EACH YEAR THE EFFECTIVENESS OF THE TAX INCENTIVES PROVIDED TO
32 BUSINESS ENTITIES IN RISE ZONES, INCLUDING:

1 **(1) THE NUMBER AND AMOUNTS OF TAX INCENTIVES GRANTED**
 2 **EACH YEAR; AND**

3 **(2) THE SUCCESS OF THE TAX INCENTIVES IN ATTRACTING AND**
 4 **RETAINING BUSINESS ENTITIES IN RISE ZONES.**

5 **(B) ON OR BEFORE DECEMBER 15 OF EACH YEAR, THE DEPARTMENT**
 6 **AND THE COMPTROLLER SHALL SUBMIT TO THE GOVERNOR AND, IN**
 7 **ACCORDANCE WITH § 2-1246 OF THE STATE GOVERNMENT ARTICLE, THE**
 8 **~~GENERAL ASSEMBLY~~ SENATE BUDGET AND TAXATION COMMITTEE, THE**
 9 **HOUSE COMMITTEE ON WAYS AND MEANS, AND THE TAX CREDIT EVALUATION**
 10 **COMMITTEE A REPORT OUTLINING THE FINDINGS OF THE DEPARTMENT AND**
 11 **THE COMPTROLLER AND ANY OTHER INFORMATION OF VALUE IN DETERMINING**
 12 **THE EFFECTIVENESS OF THE TAX INCENTIVES AUTHORIZED UNDER THIS**
 13 **SUBTITLE.**

14 12-201.

15 (a) In this subtitle the following words have the meanings indicated.

16 **(N-1) "RISE ZONE" MEANS AN AREA DESIGNATED AS A RISE REGIONAL**
 17 **INSTITUTION STRATEGIC ENTERPRISE ZONE UNDER § 5-1404 OF THIS ARTICLE.**

18 12-203.

19 (a) Before issuing bonds, the governing body of the political subdivision shall:

20 (1) by resolution:

21 (i) designate a contiguous area within its jurisdiction as a
 22 development district; [or]

23 (ii) identify an area that has been designated a sustainable
 24 community; OR

25 **(III) IDENTIFY AN AREA THAT HAS BEEN DESIGNATED A**
 26 **RISE ZONE;**

27 (2) receive from the Supervisor of Assessments a certification of the
 28 amount of the original base, or if applicable, the adjusted assessable base; and

29 (3) pledge that until the bonds are fully paid, or a longer period, the
 30 real property taxes in the development district, A RISE ZONE, or a sustainable
 31 community shall be divided as follows:

1 (i) the portion of the taxes that would be produced at the
2 current tax rate on the original taxable value base shall be paid to the respective
3 taxing authorities in the same manner as taxes on other property are paid; and

4 (ii) the portion of the taxes on the tax increment that normally
5 would be paid into the general fund of the political subdivision shall be paid into the
6 special fund established under § 12–208 of this subtitle and applied in accordance with
7 § 12–209 of this subtitle.

8 (c) The establishment or identification by a county of a development district,
9 A RISE ZONE, or a sustainable community that is wholly or partly in a municipal
10 corporation shall also require a resolution approving the development district, RISE
11 ZONE, or sustainable community by the governing body of the municipal corporation.

12 12–207.

13 (a) Except as provided in [subsection (b)] SUBSECTIONS (B) AND (E) of this
14 section, bond proceeds may be used only:

15 (1) to buy, lease, condemn, or otherwise acquire property, or an
16 interest in property:

17 (i) in the development district, A RISE ZONE, or a sustainable
18 community; or

19 (ii) needed for a right-of-way or other easement to or from the
20 development district, A RISE ZONE, or a sustainable community;

21 (2) for site removal;

22 (3) for surveys and studies;

23 (4) to relocate businesses or residents;

24 (5) to install utilities, construct parks and playgrounds, and for other
25 needed improvements including:

26 (i) roads to, from, or in the development district;

27 (ii) parking; and

28 (iii) lighting;

29 (6) to construct or rehabilitate buildings for a governmental purpose
30 or use;

1 (7) for reserves or capitalized interest;

2 (8) for necessary costs to issue bonds; and

3 (9) to pay the principal of and interest on loans, advances, or
4 indebtedness that a political subdivision incurs for a purpose specified in this section.

5 **(E) (1) THIS SUBSECTION APPLIES TO A RISE ZONE IDENTIFIED**
6 **UNDER § 12-203 OF THIS SUBTITLE.**

7 **(2) IN ADDITION TO THE PURPOSES UNDER SUBSECTION (A) OF**
8 **THIS SECTION AND WITHOUT LIMITING THE PURPOSES IN SUBSECTION (A) OF**
9 **THIS SECTION, BOND PROCEEDS MAY BE USED IN A RISE ZONE FOR:**

10 **(I) HISTORIC PRESERVATION OR REHABILITATION;**

11 **(II) ENVIRONMENTAL REMEDIATION, DEMOLITION, AND**
12 **SITE PREPARATION;**

13 **(III) PARKING LOTS, FACILITIES, OR STRUCTURES OF ANY**
14 **TYPE WHETHER FOR PUBLIC OR PRIVATE USE;**

15 **(IV) SCHOOLS;**

16 **(V) AFFORDABLE OR MIXED INCOME HOUSING;**

17 **(VI) STORMWATER MANAGEMENT AND STORM DRAIN**
18 **FACILITIES;**

19 **(VII) INNOVATION CENTERS AND LABORATORY FACILITIES,**
20 **OR STRUCTURES OF ANY TYPE WHETHER FOR PUBLIC OR PRIVATE USE,**
21 **INCLUDING MAINTENANCE AND INSTALLATION OF IMPROVEMENTS IN THE**
22 **STRUCTURES AND SERVICES THAT SUPPORT THE PURPOSES OF THE RISE ZONE**
23 **PROGRAM; AND**

24 **(VIII) ANY OTHER FACILITIES OR STRUCTURES OF ANY TYPE**
25 **WHETHER FOR PUBLIC OR PRIVATE USE THAT SUPPORT THE PURPOSES OF THE**
26 **RISE ZONE PROGRAM.**

27 12-208.

28 (a) The governing body of a political subdivision may adopt a resolution
29 creating a special fund for a development district, A RISE ZONE, or a sustainable
30 community even though no bonds:

1 (1) have been issued for the development district, **THE RISE ZONE**,
2 or the sustainable community; or

3 (2) are outstanding at the time of adoption.

4 12-209.

5 (a) Subject to subsection (c) of this section, the special fund for the
6 development district, **THE RISE ZONE**, or the sustainable community may be used for
7 any of the following purposes as determined by the governing body of the political
8 subdivision:

9 (1) a purpose specified in § 12-207 of this subtitle;

10 (2) accumulated to pay debt service on bonds to be issued later;

11 (3) payment or reimbursement of debt service, or payments under an
12 agreement described in subsection (b) of this section, that the political subdivision is
13 obliged under a general or limited obligation to pay, or has paid, on or relating to
14 bonds issued by the State, a political subdivision, or the revenue authority of Prince
15 George's County if the proceeds were used for a purpose specified in § 12-207 of this
16 subtitle; or

17 (4) payment to the political subdivision for any other legal purpose.

18 (b) (1) Subject to paragraph (2) of this subsection, the political subdivision
19 that has created a special fund for a development district, **A RISE ZONE**, or a
20 sustainable community may pledge under an agreement that amounts deposited to the
21 special fund shall be paid over to secure payment on MEDCO obligations.

22 (2) The agreement shall:

23 (i) be in writing;

24 (ii) be executed by the political subdivision making the pledge,
25 the Maryland Economic Development Corporation, and the other persons that the
26 governing body of the political subdivision determines; and

27 (iii) run to the benefit of and be enforceable on behalf of the
28 holders of the MEDCO obligations secured by the agreement.

29 (c) If bonds are outstanding with respect to a development district, **A RISE**
30 **ZONE**, or a sustainable community, the special fund may be used as described in
31 subsection (a) of this section in any fiscal year only if:

1 (1) the balance of the special fund exceeds the unpaid debt service
2 payable on the bonds in the fiscal year; and

3 (2) the special fund is not restricted so as to prohibit the use.

4 (d) The issuance of bonds pledging the full faith and credit of the political
5 subdivision shall comply with appropriate county or municipal charter requirements.

6 12-210.

7 (a) (1) Subject to paragraph (2) of this subsection, the governing body of a
8 political subdivision that is not the issuer may pledge under an agreement that its
9 property taxes levied on the tax increment shall be paid into the special fund for the
10 development district, A RISE ZONE, or a sustainable community.

11 (2) The agreement shall:

12 (i) be in writing;

13 (ii) be executed by the governing bodies of the issuer and the
14 political subdivision making the pledge; and

15 (iii) run to the benefit of and be enforceable on behalf of any
16 bondholder.

17 (b) The governing body of Prince George's County may also pledge hotel
18 rental tax revenues to the special fund.

19 (c) The governing body of a political subdivision, including the issuer, may
20 pledge by or under a resolution, including by an agreement with the issuer, as
21 applicable, that alternative local tax revenues generated within, or that are otherwise
22 determined to be attributable to, a development district that is a transit-oriented
23 development, A RISE ZONE, a sustainable community, or a State hospital
24 redevelopment be paid, as provided in the resolution, into the special fund to:

25 (1) secure the payment of debt service on bonds or MEDCO
26 obligations; or

27 (2) be applied to the other purposes stated in § 12-209 of this subtitle.

28 12-211.

29 (a) The principal amount of bonds, interest payable on bonds, the transfer of
30 bonds, and income from bonds, including profit made in the sale or transfer of bonds,
31 are exempt from State and local taxes.

1 **(b)** If a political subdivision leases as a lessor its property within a
2 development district, A RISE ZONE, or a sustainable community:

3 **(1)** the property shall be assessed and taxed in the same manner as
4 privately owned property; and

5 **(2)** the lease shall require the lessee to pay taxes or payments in lieu
6 of taxes on the assessed value of the entire property and not only on the assessed
7 value of the leasehold interest.

8 **Article – Tax – Property**

9 **9–103.1.**

10 **(A) (1) IN THIS SECTION THE FOLLOWING WORDS HAVE THE**
11 **MEANINGS INDICATED.**

12 **(2) “BASE YEAR” MEANS THE TAXABLE YEAR IMMEDIATELY**
13 **BEFORE THE TAXABLE YEAR IN WHICH A PROPERTY TAX CREDIT UNDER THIS**
14 **SECTION IS TO BE GRANTED.**

15 **(3) (I) “BASE YEAR VALUE” MEANS THE VALUE OF THE**
16 **PROPERTY USED TO DETERMINE THE ASSESSMENT ON WHICH THE PROPERTY**
17 **TAX ON REAL PROPERTY WAS IMPOSED FOR THE BASE YEAR.**

18 **(II) “BASE YEAR VALUE” DOES NOT INCLUDE ANY NEW REAL**
19 **PROPERTY THAT WAS FIRST ASSESSED IN THE BASE YEAR.**

20 **(4) (I) “BUSINESS ENTITY” MEANS A PERSON WHO OPERATES**
21 **OR CONDUCTS A TRADE OR BUSINESS.**

22 **(II) “BUSINESS ENTITY” INCLUDES A PERSON WHO OWNS,**
23 **OPERATES, DEVELOPS, CONSTRUCTS, OR REHABILITATES REAL PROPERTY IF**
24 **THE REAL PROPERTY:**

25 **1. IS INTENDED FOR USE PRIMARILY AS SINGLE OR**
26 **MULTIFAMILY RESIDENTIAL PROPERTY LOCATED IN A REGIONAL INSTITUTION**
27 **STRATEGIC ENTERPRISE ZONE THAT IS DESIGNATED UNDER TITLE 5,**
28 **SUBTITLE 14 OF THE ECONOMIC DEVELOPMENT ARTICLE; AND**

29 **2. IS PARTIALLY DEVOTED TO A NONRESIDENTIAL**
30 **USE.**

31 **(5) (I) “ELIGIBLE ASSESSMENT” MEANS THE DIFFERENCE**
32 **BETWEEN THE BASE YEAR VALUE AND THE ACTUAL VALUE AS DETERMINED BY**

1 THE DEPARTMENT FOR THE APPLICABLE TAXABLE YEAR IN WHICH THE TAX
2 CREDIT UNDER THIS SECTION IS TO BE GRANTED.

3 (II) FOR A BUSINESS ENTITY THAT IS LOCATED ON LAND OR
4 WITHIN IMPROVEMENTS OWNED BY THE FEDERAL, STATE, COUNTY, OR
5 MUNICIPAL GOVERNMENT, "ELIGIBLE ASSESSMENT" MEANS THE DIFFERENCE
6 BETWEEN THE BASE YEAR VALUE AND THE ACTUAL VALUE REDUCED BY THE
7 VALUE OF ANY PROPERTY ENTITLED TO AN EXEMPTION UNDER TITLE 7 OF THIS
8 ARTICLE AS DETERMINED BY THE DEPARTMENT FOR THE APPLICABLE TAXABLE
9 YEAR IN WHICH THE TAX CREDIT UNDER THIS SECTION IS TO BE GRANTED.

10 (6) "QUALIFIED PROPERTY" MEANS REAL PROPERTY THAT IS:

11 (I) NOT USED FOR RESIDENTIAL PURPOSES;

12 (II) USED IN A TRADE OR BUSINESS BY A BUSINESS ENTITY;
13 AND

14 (III) LOCATED IN A REGIONAL INSTITUTION STRATEGIC
15 ENTERPRISE ZONE THAT IS DESIGNATED UNDER TITLE 5, SUBTITLE 14 OF THE
16 ECONOMIC DEVELOPMENT ARTICLE.

17 (B) THE GOVERNING BODY OF A COUNTY OR OF A MUNICIPAL
18 CORPORATION SHALL GRANT A TAX CREDIT UNDER THIS SECTION AGAINST THE
19 PROPERTY TAX IMPOSED ON THE ELIGIBLE ASSESSMENT OF QUALIFIED
20 PROPERTY.

21 (C) (1) ~~THE EXCEPT AS OTHERWISE PROVIDED IN PARAGRAPHS (4)~~
22 ~~AND (5) OF THIS SUBSECTION, THE~~ APPROPRIATE GOVERNING BODY SHALL
23 CALCULATE THE AMOUNT OF THE TAX CREDIT UNDER THIS SECTION EQUAL TO
24 A PERCENTAGE OF THE AMOUNT OF PROPERTY TAX IMPOSED ON THE ELIGIBLE
25 ASSESSMENT OF THE QUALIFIED PROPERTY AS FOLLOWS:

26 (I) ~~80% IN AT LEAST 50% EACH OF IN~~ THE FIRST ~~5~~
27 TAXABLE ~~YEARS~~ YEAR FOLLOWING THE CALENDAR YEAR IN WHICH THE
28 PROPERTY INITIALLY BECOMES A QUALIFIED PROPERTY; AND

29 (II) ~~70% IN THE SIXTH TAXABLE YEAR; AT LEAST 10% IN~~
30 THE SECOND THROUGH FIFTH TAXABLE YEARS.

31 (III) ~~60% IN THE SEVENTH TAXABLE YEAR;~~

32 (IV) ~~50% IN THE EIGHTH TAXABLE YEAR;~~

1 ~~(v) 40% IN THE NINTH TAXABLE YEAR; AND~~

2 ~~(vi) 30% IN THE TENTH TAXABLE YEAR.~~

3 (2) THE DEPARTMENT SHALL ALLOCATE THE ELIGIBLE
4 ASSESSMENT TO THE NONRESIDENTIAL PART OF THE QUALIFIED PROPERTY AT
5 THE SAME PERCENTAGE AS THE SQUARE FOOTAGE OF THE NONRESIDENTIAL
6 PART IS TO THE TOTAL SQUARE FOOTAGE OF THE BUILDING.

7 (3) FOR PURPOSES OF CALCULATING THE AMOUNT OF THE
8 CREDIT ALLOWED UNDER THIS SECTION, THE AMOUNT OF PROPERTY TAX
9 IMPOSED ON THE ELIGIBLE ASSESSMENT SHALL BE CALCULATED WITHOUT
10 REDUCTION FOR ANY CREDITS ALLOWED UNDER THIS TITLE.

11 (4) (i) FOR QUALIFIED PROPERTY LOCATED IN AN
12 ENTERPRISE ZONE DESIGNATED UNDER TITLE 5, SUBTITLE 7 OF THE
13 ECONOMIC DEVELOPMENT ARTICLE, THE APPROPRIATE GOVERNING BODY
14 SHALL CALCULATE THE AMOUNT OF THE TAX CREDIT UNDER THIS SECTION
15 EQUAL TO 80% OF THE AMOUNT OF PROPERTY TAX IMPOSED ON THE ELIGIBLE
16 ASSESSMENT OF THE QUALIFIED PROPERTY FOR EACH OF THE ~~40~~ 5 TAXABLE
17 YEARS FOLLOWING THE CALENDAR YEAR IN WHICH THE PROPERTY INITIALLY
18 BECOMES A QUALIFIED PROPERTY.

19 (ii) FOR QUALIFIED PROPERTY LOCATED IN A FOCUS AREA
20 DESIGNATED UNDER § 5-706 OF THE ECONOMIC DEVELOPMENT ARTICLE, THE
21 APPROPRIATE GOVERNING BODY SHALL CALCULATE THE AMOUNT OF THE TAX
22 CREDIT UNDER THIS SECTION EQUAL TO 100% OF THE AMOUNT OF PROPERTY
23 TAX IMPOSED ON THE ELIGIBLE ASSESSMENT OF THE QUALIFIED PROPERTY
24 FOR EACH OF THE ~~40~~ 5 TAXABLE YEARS FOLLOWING THE CALENDAR YEAR IN
25 WHICH THE PROPERTY INITIALLY BECOMES A QUALIFIED PROPERTY.

26 (iii) 1. IF A BUSINESS ENTITY IS CERTIFIED AS
27 CONSISTENT WITH THE TARGET STRATEGY OF THE RISE ZONE AND THE
28 QUALIFIED PROPERTY IS LOCATED IN AN ENTERPRISE ZONE OR FOCUS AREA,
29 THE AMOUNT OF THE REQUIRED REIMBURSEMENT UNDER § 9-103(H) OF THIS
30 SUBTITLE MAY ONLY BE FOR THE AMOUNT REQUIRED FOR THE REQUIRED
31 PROPERTY TAX CREDITS UNDER § 9-103 OF THIS SUBTITLE.

32 2. THE PROPERTY TAX CREDITS REQUIRED UNDER
33 SUBPARAGRAPHS (I) AND (II) OF THIS PARAGRAPH DO NOT ALTER THE AMOUNT
34 OF FUNDS REQUIRED TO BE REIMBURSED UNDER § 9-103(H) OF THIS SUBTITLE.

35 ~~(5) (i) IF THE QUALIFIED PROPERTY IS LOCATED IN A~~
36 ~~REGIONAL INSTITUTION STRATEGIC ENTERPRISE ZONE THAT A COUNTY OR~~

~~1 THE ECONOMIC DEVELOPMENT AGENCY OF A COUNTY DID NOT JOINTLY APPLY
2 FOR UNDER § 5-1404 OF THE ECONOMIC DEVELOPMENT ARTICLE, THE
3 AMOUNT OF THE PROPERTY TAX CREDIT IS EQUAL TO AT LEAST THE AMOUNT
4 PROVIDED UNDER THIS PARAGRAPH.~~

~~5 (II) THE APPROPRIATE GOVERNING BODY SHALL
6 CALCULATE THE AMOUNT OF THE TAX CREDIT UNDER THIS SECTION EQUAL TO
7 50% OF THE AMOUNT OF PROPERTY TAX IMPOSED ON THE ELIGIBLE
8 ASSESSMENT OF THE QUALIFIED PROPERTY FOR EACH OF THE 5 TAXABLE
9 YEARS FOLLOWING THE CALENDAR YEAR IN WHICH THE PROPERTY INITIALLY
10 BECOMES QUALIFIED PROPERTY.~~

~~11 (III) (5) THE GOVERNING BODY OF A COUNTY OR
12 MUNICIPAL CORPORATION MAY INCREASE, BY LOCAL LAW, THE PERCENTAGE
13 UNDER SUBPARAGRAPH (II) PARAGRAPH (1) OF THIS PARAGRAPH SUBSECTION.~~

~~14 (6) (I) IF A RISE ZONE IS RENEWED AS PROVIDED UNDER §
15 5-1404 OF THE ECONOMIC DEVELOPMENT ARTICLE, THE GOVERNING BODY OF
16 A COUNTY OR MUNICIPAL CORPORATION SHALL CALCULATE THE AMOUNT OF
17 THE TAX CREDIT UNDER THIS SECTION EQUAL TO AT LEAST 10% OF THE
18 AMOUNT OF PROPERTY TAX IMPOSED ON THE ELIGIBLE ASSESSMENT OF THE
19 QUALIFIED PROPERTY FOR THE SIXTH THROUGH TENTH TAXABLE YEARS.~~

~~20 (II) THE GOVERNING BODY OF A COUNTY OR MUNICIPAL
21 CORPORATION MAY INCREASE, BY LOCAL LAW, THE PERCENTAGE UNDER
22 SUBPARAGRAPH (I) OF THIS PARAGRAPH.~~

~~23 (IV) THE GOVERNING BODY OF A MUNICIPAL CORPORATION
24 MAY NOT ALTER THE PERCENTAGE UNDER SUBPARAGRAPH (II) OF THIS
25 PARAGRAPH.~~

~~26 (6) IF THE QUALIFIED PROPERTY IS LOCATED IN A REGIONAL
27 INSTITUTION STRATEGIC ENTERPRISE ZONE THAT A COUNTY, A MUNICIPAL
28 CORPORATION, OR THE ECONOMIC DEVELOPMENT AGENCY OF A COUNTY OR
29 MUNICIPAL CORPORATION JOINTLY APPLIED FOR UNDER § 5-1404 OF THE
30 ECONOMIC DEVELOPMENT ARTICLE, THE COUNTY AND, IF THE QUALIFIED
31 PROPERTY IS LOCATED IN A MUNICIPAL CORPORATION THAT WAS PART OF THE
32 JOINT APPLICATION, THE MUNICIPAL CORPORATION MAY PROPOSE THE
33 PERCENTAGE TO BE USED TO CALCULATE THE TAX CREDIT UNDER THIS
34 SECTION AND THE DURATION OF THE TAX CREDIT.~~

~~35 (D) (1) A EXCEPT AS PROVIDED IN SUBSECTION (C)(6) OF THIS
36 SECTION, A TAX CREDIT UNDER THIS SECTION IS AVAILABLE TO A QUALIFIED
37 PROPERTY FOR NO MORE THAN 10 5 CONSECUTIVE YEARS BEGINNING WITH~~

1 THE TAXABLE YEAR FOLLOWING THE CALENDAR YEAR IN WHICH THE REAL
2 PROPERTY INITIALLY BECOMES A QUALIFIED PROPERTY.

3 (2) IF THE DESIGNATION OF A REGIONAL INSTITUTION
4 STRATEGIC ENTERPRISE ZONE EXPIRES, THE TAX CREDIT UNDER THIS SECTION
5 CONTINUES TO BE AVAILABLE TO A QUALIFIED PROPERTY.

6 (3) STATE PROPERTY TAX IMPOSED ON REAL PROPERTY IS NOT
7 AFFECTED BY THIS SECTION.

8 (E) WHEN A REGIONAL INSTITUTION STRATEGIC ENTERPRISE ZONE IS
9 DESIGNATED BY THE SECRETARY OF BUSINESS AND ECONOMIC
10 DEVELOPMENT, THE SECRETARY SHALL CERTIFY TO THE STATE DEPARTMENT
11 OF ASSESSMENTS AND TAXATION:

12 (1) THE REAL PROPERTIES IN THE ZONE THAT ARE QUALIFIED
13 PROPERTIES FOR EACH TAXABLE YEAR FOR WHICH THE PROPERTY TAX CREDIT
14 UNDER THIS SECTION IS TO BE GRANTED; AND

15 (2) THE DATE THAT THE REAL PROPERTIES BECAME QUALIFIED
16 PROPERTIES.

17 (F) BEFORE PROPERTY TAX BILLS ARE SENT, THE STATE DEPARTMENT
18 OF ASSESSMENTS AND TAXATION SHALL SUBMIT TO THE SECRETARY OF
19 BUSINESS AND ECONOMIC DEVELOPMENT A LIST CONTAINING:

20 (1) THE LOCATION OF EACH QUALIFIED PROPERTY;

21 (2) THE AMOUNT OF THE BASE YEAR VALUE FOR EACH QUALIFIED
22 PROPERTY; AND

23 (3) THE AMOUNT OF THE ELIGIBLE ASSESSMENT FOR EACH
24 QUALIFIED PROPERTY.

25 Article – Tax – General

26 ~~10-210.1.~~

27 ~~(C) IN ADDITION TO THE MODIFICATIONS UNDER §§ 10-204 THROUGH~~
28 ~~10-210 OF THIS SUBTITLE AND SUBSECTION (B) OF THIS SECTION, TO~~
29 ~~DETERMINE MARYLAND ADJUSTED GROSS INCOME OF AN INDIVIDUAL THAT~~
30 ~~LOCATES IN A REGIONAL INSTITUTION STRATEGIC ENTERPRISE ZONE AND~~
31 ~~SATISFIES THE REQUIREMENTS OF § 5-1406 OF THE ECONOMIC DEVELOPMENT~~
32 ~~ARTICLE, AN AMOUNT IS ADDED TO OR SUBTRACTED FROM FEDERAL ADJUSTED~~

~~1 GROSS INCOME TO REFLECT THE DETERMINATION OF THE DEPRECIATION
2 DEDUCTION PROVIDED UNDER § 167(A) OF THE INTERNAL REVENUE CODE AS
3 IF THE DEPRECIATION DEDUCTION PROVIDED IN § 167(A) OF THE INTERNAL
4 REVENUE CODE FOR THE TAXABLE YEAR THE PROPERTY IS PLACED IN SERVICE
5 IN THE REGIONAL INSTITUTION STRATEGIC ENTERPRISE ZONE INCLUDES AN
6 ALLOWANCE EQUAL TO 100% OF THE ADJUSTED BASIS OF THE PROPERTY.~~

~~7 10-310.~~

~~8 In addition to the modifications under §§ 10-305 through 10-309 of this
9 subtitle, to determine Maryland modified income the federal taxable income of a
10 corporation shall be adjusted as provided for an individual under § 10-210.1 of this
11 title.~~

12 10-702.

13 (a) (1) In this section the following words have the meanings indicated.

14 (2) (i) “Business entity” means:

15 1. a person conducting or operating a trade or business;

16 or

17 2. an organization that is exempt from taxation under §
18 501(c)(3) or (4) of the Internal Revenue Code.

19 (ii) “Business entity” does not include a person owning,
20 operating, developing, constructing, or rehabilitating property intended for use
21 primarily as single or multifamily residential property located within the enterprise
22 zone.

23 (3) (I) “Enterprise zone” has the meaning stated in § 5-701 of the
24 Economic Development Article.

25 (II) **“ENTERPRISE ZONE” INCLUDES A REGIONAL**
26 **INSTITUTION STRATEGIC ENTERPRISE ZONE ESTABLISHED UNDER TITLE 5,**
27 **SUBTITLE 14 OF THE ECONOMIC DEVELOPMENT ARTICLE.**

28 (4) “Qualified employee” means an individual who:

29 (i) is a new employee or an employee rehired after being laid off
30 for more than one year by a business entity;

31 (ii) is employed by a business entity at least 35 hours each week
32 for at least 6 months before or during the taxable year for which the entity claims a
33 credit;

1 (iii) spends at least 50% of the hours under item (ii) of this
2 paragraph, either in the enterprise zone or on activities of the business entity
3 resulting directly from its location in the enterprise zone;

4 (iv) earns at least 150% of the federal minimum wage; and

5 (v) is hired by the business entity after the later of:

6 1. the date on which the enterprise zone is designated;

7 or

8 2. the date on which the business entity locates in the
9 enterprise zone.

10 (5) “Economically disadvantaged individual” means an individual who
11 is certified by provisions that the Department of Labor, Licensing, and Regulation
12 adopts as an individual who, before becoming employed by a business entity in an
13 enterprise zone:

14 (i) was both unemployed for at least 30 consecutive days and
15 qualified to participate in training activities for the economically disadvantaged under
16 Title II, Part B of the federal Workforce Investment Act or its successor; or

17 (ii) in the absence of an applicable federal act, met the criteria
18 for an economically disadvantaged individual that the Secretary of Labor, Licensing,
19 and Regulation sets.

20 (6) “Focus area” has the meaning stated in § 5–701 of the Economic
21 Development Article.

22 (7) “Focus area employee” means an individual who:

23 (i) is a new employee or an employee rehired after being laid off
24 for more than 1 year by a business entity;

25 (ii) is employed by a business entity at least 35 hours each week
26 for at least 12 months before or during the taxable year for which the entity claims a
27 credit;

28 (iii) spends at least 50 percent of the hours under item (ii) of this
29 paragraph either in the focus area or on activities of the business entity resulting
30 directly from its location in the focus area;

31 (iv) is hired by the business entity after the later of:

32 1. the date on which the focus area is designated; or

1 2. the date on which the business entity located in the
2 focus area; and

3 (v) earns at least 150 percent of the federal minimum wage.

4 (b) (1) Any business entity that is located in an enterprise zone and
5 satisfies the requirements of § 5–707 of the Economic Development Article may claim
6 a credit only against the State income tax for the wages specified in subsections (c)
7 and (d) of this section that are paid in the taxable year for which the entity claims the
8 credit.

9 (2) A business entity that is located in a focus area and satisfies the
10 requirements of § 5–707 of the Economic Development Article may claim a credit only
11 against the State income tax for the wages specified in subsection (e) of this section
12 that are paid to a focus area employee in the taxable year for which the entity claims
13 the credit.

14 (3) An organization that is exempt from taxation under § 501(c)(3) or
15 (4) of the Internal Revenue Code may apply the credit under this section as a credit
16 against income tax due on unrelated business taxable income as provided under §§
17 10–304 and 10–812 of this title.

18 (c) If a business entity does not claim an enhanced tax credit under
19 subsection (e) of this section for a focus area employee, for the taxable year in which a
20 business entity satisfies the requirements of § 5–707 **OR § 5–1406** of the Economic
21 Development Article, a credit is allowed that equals:

22 (1) up to \$3,000 of the wages paid to each qualified employee who:

23 (i) is an economically disadvantaged individual; and

24 (ii) is not hired to replace an individual whom the business
25 entity employed in that or any of the 3 preceding taxable years; and

26 (2) up to \$1,000 of the wages paid to each qualified employee who:

27 (i) is not an economically disadvantaged individual; and

28 (ii) is not hired to replace an individual whom the business
29 entity employed in that or any of the 3 preceding taxable years.

30 (d) (1) If a business entity does not claim an enhanced tax credit under
31 subsection (e) of this section for a focus area employee, for each taxable year after the
32 taxable year described in subsection (c) of this section, while the area is designated an
33 enterprise zone, a credit is allowed that equals:

1 (i) up to \$3,000 of the wages paid to each qualified employee
2 who:

- 3 1. is an economically disadvantaged individual;
- 4 2. became a qualified employee during the taxable year
5 to which the credit applies; and
- 6 3. is not hired to replace an individual whom the
7 business entity employed in that or any of the 3 preceding taxable years;

8 (ii) up to \$2,000 of the wages paid to each qualified employee
9 who is an economically disadvantaged individual, if the business entity received a
10 credit under subsection (c)(1) of this section for the qualified employee in the
11 immediately preceding taxable year; and

12 (iii) up to \$1,000 of the wages paid to each qualified employee
13 who is not hired to replace an individual whom the business entity employed in that or
14 any of the 3 preceding taxable years if the qualified employee:

15 1. is an economically disadvantaged individual for whom
16 the business entity received a credit under subsection (c)(1) of this section or item (i) of
17 this paragraph and a credit under item (ii) of this paragraph in the 2 immediately
18 preceding taxable years; or

19 2. is not an economically disadvantaged individual but
20 became a qualified employee during the taxable year to which the credit applies.

21 (2) A business entity that hires a qualified employee to replace
22 another qualified employee for whom the business entity received a credit under
23 subsection (c)(1) of this section and paragraph (1)(ii) of this subsection in the
24 immediately preceding taxable year may treat the new qualified employee as the
25 replacement for the other qualified employee to determine any credit that may be
26 available to the business entity under paragraph (1)(ii) or (iii) of this subsection.

27 (e) (1) For the taxable year in which a business entity satisfies the
28 requirements of §§ 5-706 and 5-707 **OR § 5-1406** of the Economic Development
29 Article, a credit is allowed that equals:

30 (i) up to \$4,500 of the wages paid to each focus area employee
31 who:

- 32 1. is an economically disadvantaged individual; and
- 33 2. is not hired to replace an individual whom the
34 business entity employed in that year or any of the 3 preceding taxable years; and

1 (ii) up to \$1,500 of the wages paid to each focus area employee
2 who:

- 3 1. is not an economically disadvantaged individual; and
4 2. is not hired to replace an individual whom the
5 business entity employed in that year or any of the 3 preceding taxable years.

6 (2) For each taxable year after the taxable year described in
7 paragraph (1) of this subsection, while the area is designated a focus area, a credit is
8 allowed that equals:

9 (i) up to \$4,500 of the wages paid to each focus area employee
10 who:

- 11 1. is an economically disadvantaged individual;
12 2. became a focus area employee during the taxable year
13 to which the credit applies; and
14 3. is not hired to replace an individual whom the
15 business entity employed in that year or any of the 3 preceding taxable years;

16 (ii) up to \$3,000 of the wages paid to each focus area employee
17 who is an economically disadvantaged individual, if the business entity received a
18 credit under paragraph (1)(i) of this subsection for the focus area employee in the
19 immediately preceding taxable year; and

20 (iii) up to \$1,500 of the wages paid to each focus area employee
21 who is not hired to replace an individual whom the business entity employed in that
22 year or any of the 3 preceding taxable years if the focus area employee:

23 1. is an economically disadvantaged individual for whom
24 the business entity received a credit under item (ii) of this paragraph in the 2
25 immediately preceding taxable years and under:

26 A. paragraph (1)(i) of this subsection; or

27 B. item (i) of this paragraph; or

28 2. is not an economically disadvantaged individual but
29 became a focus area employee during the taxable year to which the credit applies.

30 (3) A business entity that hires a focus area employee to replace
31 another focus area employee for whom the business entity received a credit under
32 paragraph (1)(i) of this subsection and paragraph (2)(ii) of this subsection in the
33 immediately preceding taxable year may treat the focus area employee as the

1 replacement for the other focus area employee to determine any credit that may be
2 available to the business entity under paragraph (2)(ii) or (iii) of this subsection.

3 (f) If the credit allowed under this section in any taxable year exceeds the
4 State income tax for that taxable year, a business entity may apply the excess as a
5 credit against the State income tax for succeeding taxable years until the earlier of:

6 (1) the full amount of the excess is used; or

7 (2) the expiration of the 5th taxable year from the date on which the
8 business entity hired the qualified employee to whom the credit first applies.

9 (g) If a credit is claimed under this section, the claimant must make the
10 addition required in § 10–205, § 10–206, or § 10–306 of this title.

11 The Charter of Baltimore City

12 Article II – General Powers

13 The Mayor and City Council of Baltimore shall have full power and authority to
14 exercise all of the powers heretofore or hereafter granted to it by the Constitution of
15 Maryland or by any Public General or Public Local Laws of the State of Maryland; and
16 in particular, without limitation upon the foregoing, shall have power by ordinance, or
17 such other method as may be provided for in its Charter, subject to the provisions of
18 said Constitution and Public General Laws:

19 (62)

20 (L) IN ADDITION TO THE POWERS IN THIS SECTION, THE MAYOR AND
21 CITY COUNCIL OF BALTIMORE MAY USE THE AUTHORITY GRANTED TO A
22 POLITICAL SUBDIVISION FOR TAX INCREMENT FINANCING IN A REGIONAL
23 INSTITUTION STRATEGIC ENTERPRISE ZONE AS PROVIDED FOR IN TITLE 12,
24 SUBTITLE 2 OF THE ECONOMIC DEVELOPMENT ARTICLE OF THE ANNOTATED
25 CODE OF MARYLAND.

26 (62A)

27 (U) IN ADDITION TO THE POWERS IN THIS SECTION, THE MAYOR AND
28 CITY COUNCIL OF BALTIMORE MAY USE THE AUTHORITY GRANTED TO A
29 POLITICAL SUBDIVISION FOR TAX INCREMENT FINANCING IN A REGIONAL
30 INSTITUTION STRATEGIC ENTERPRISE ZONE AS PROVIDED FOR IN TITLE 12,
31 SUBTITLE 2 OF THE ECONOMIC DEVELOPMENT ARTICLE OF THE ANNOTATED
32 CODE OF MARYLAND.

33 SECTION 2. AND BE IT FURTHER ENACTED, That the Laws of Maryland
34 read as follows:

Article – Tax – Property9-103.

(e) (1) A tax credit under this section is available to a qualified property for no more than 10 consecutive years beginning with:

(I) the taxable year following the calendar year in which the real property initially becomes a qualified property; OR

(II) THE TAXABLE YEAR IN WHICH THE REAL PROPERTY INITIALLY BECOMES A QUALIFIED PROPERTY, SUBJECT TO THE APPROVAL OF THE APPROPRIATE LOCAL GOVERNING BODY AND THE SECRETARY OF BUSINESS AND ECONOMIC DEVELOPMENT.

SECTION ~~2~~ 3. AND BE IT FURTHER ENACTED, That, before adopting regulations to implement the provisions of Section 1 of this Act, the Department of Business and Economic Development shall organize a group of interested parties, stakeholders, and experts in community development to provide advice on the regulations, standards, and guidelines needed to implement Section 1 of this Act.

SECTION ~~3~~ 4. AND BE IT FURTHER ENACTED, That, on or before January 1, 2017, the Comptroller shall report to the General Assembly, in accordance with § 2-1246 of the State Government Article, on ~~the cost and impact of the tax incentive for depreciation under § 10-210.1(e) of the Tax – General Article:~~

(1) the estimated cost and impact of the income tax credit provided to businesses in RISE zones under § 10-702 of the Tax – General Article; and

(2) the potential cost and impact of providing an income tax depreciation incentive for businesses within RISE zones.

SECTION 5. AND BE IT FURTHER ENACTED, That it is the intent of the General Assembly that in the RISE zone application and designation processes, a county and municipal corporation shall confer in order to reach agreement on the desired RISE zone location and boundaries and the amount of property tax credits offered.

SECTION 6. AND BE IT FURTHER ENACTED, That Section 2 of this Act shall be applicable to all taxable years beginning after June 30, 2013.

SECTION ~~2~~ ~~4~~ 7. AND BE IT FURTHER ENACTED, That, subject to Section 6 of this Act, this Act shall take effect ~~October~~ June 1, 2014.