

SENATE BILL 600

C8, F2, Q2

4r0862
CF HB 742

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**

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Assigned to: Budget and Taxation

Committee Report: Favorable with amendments

Senate action: Adopted with floor amendments

Read second time: March 10, 2014

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
12 Secretary to have a certain area of the State designated as a Regional
13 Institution Strategic Enterprise (RISE) zone; authorizing a qualified institution
14 to make a joint application with a county, a municipal corporation, or a certain
15 entity of a county or a municipal corporation to the Secretary to have a certain
16 area in the State designated as a RISE zone; requiring the Secretary to approve
17 or reject a RISE zone application and define the boundaries of a RISE zone
18 within a certain number of days on or after a certain date after the application
19 is submitted; requiring the Secretary to provide certain notice a certain number
20 of days before approving or rejecting an application; authorizing certain entities
21 to provide certain advice to the Secretary; providing the Secretary may not

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 approve more than a certain number of RISE zones in a county for which the
2 county did not make a certain application; providing that a qualified institution
3 may not be required to be in the immediate vicinity of a proposed RISE zone in
4 a rural part of the State; authorizing the governing body of a county, under
5 certain circumstances, to establish the percentage of a certain property tax
6 credit; requiring the Secretary to assign a RISE zone a business development
7 concierge; requiring the business development concierge to assist entities
8 locating in a RISE zone with certain activities; authorizing a business entity
9 that locates in a RISE zone to receive certain tax incentives and financial
10 assistance if the entity or its location receives a certain certification; requiring
11 the Department and the Comptroller, each year, to jointly make certain
12 assessments and submit certain reports; authorizing certain political
13 subdivisions to identify certain zones and pledge certain property taxes in
14 certain zones; authorizing certain political subdivisions to use the proceeds from
15 certain bond issues for certain purposes; authorizing the governing body of
16 certain political subdivisions to create a special fund for certain purposes;
17 authorizing the governing body of certain political subdivisions to pledge certain
18 tax revenue generated within certain zones; requiring that a political
19 subdivision that leases as a lessor certain property within a certain zone be
20 assessed and taxed in a certain manner; requiring the governing body of a
21 county or municipal corporation to grant a property tax credit on a certain
22 assessment of qualified properties located in the RISE zone; providing for the
23 amount of the credit; requiring the State Department of Assessments and
24 Taxation to allocate the amount of credit based on the use of the property;
25 providing for an enhanced credit for properties located in certain enterprise
26 zones or certain focus areas; authorizing the governing body of a county, under
27 certain circumstances, to alter the calculation of a certain credit; providing that
28 the governing body of a municipal corporation, under certain circumstances,
29 may not alter the calculation of a certain credit; authorizing a county and a
30 municipal corporation, under certain circumstances, to propose the percentage
31 to be used for the calculation and duration of a certain tax credit; providing that
32 the credit may not be claimed for more than a certain number of years;
33 requiring the Secretary to make certain certifications; requiring the State
34 Department of Assessments and Taxation to submit a certain list to the
35 Secretary; allowing entities locating in certain zones to alter the calculation of a
36 certain Maryland income tax modification for depreciation of certain property to
37 provide an additional allowance for the taxable year the property is placed in
38 service; making entities that locate in certain zones eligible to claim certain
39 income tax credits for entities that employ qualified individuals in enterprise
40 zones or focus areas; authorizing the Mayor and City Council of Baltimore City
41 to use certain authority granted under State law to a political subdivision for
42 tax increment financing in a certain zone; requiring the Comptroller to prepare
43 a certain report; authorizing and requiring the Secretary to adopt certain
44 regulations; defining certain terms; and generally relating to the creation of the
45 Regional Institution Strategic Enterprise Zone Program.

46 BY repealing and reenacting, with amendments,

- 1 Article – Economic Development
2 Section 5–102(9) and (10), 12–203(a) and (c), 12–207(a), 12–208(a), 12–209,
3 12–210, and 12–211
4 Annotated Code of Maryland
5 (2008 Volume and 2013 Supplement)
- 6 BY adding to
7 Article – Economic Development
8 Section 5–102(10); ~~and 5–1401 through 5–1406~~ 5–1407 to be under the new
9 subtitle “Subtitle 14. Regional Institution Strategic Enterprise Zone
10 Program”; 12–201(n–1) and 12–207(e)
11 Annotated Code of Maryland
12 (2008 Volume and 2013 Supplement)
- 13 BY repealing and reenacting, without amendments,
14 Article – Economic Development
15 Section 12–201(a)
16 Annotated Code of Maryland
17 (2008 Volume and 2013 Supplement)
- 18 BY adding to
19 Article – Tax – Property
20 Section 9–103.1
21 Annotated Code of Maryland
22 (2012 Replacement Volume and 2013 Supplement)
- 23 BY adding to
24 Article – Tax – General
25 Section 10–210.1(c)
26 Annotated Code of Maryland
27 (2010 Replacement Volume and 2013 Supplement)
- 28 BY repealing and reenacting, without amendments,
29 Article – Tax – General
30 Section 10–310
31 Annotated Code of Maryland
32 (2010 Replacement Volume and 2013 Supplement)
- 33 BY repealing and reenacting, with amendments,
34 Article – Tax – General
35 Section 10–702
36 Annotated Code of Maryland
37 (2010 Replacement Volume and 2013 Supplement)
- 38 BY adding to
39 The Charter of Baltimore City
40 Article II

1 Section (62)(L) and (62A)(U)
2 (2007 Replacement Volume, as amended)

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

5 **Article – Economic Development**

6 5–102.

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

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

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

14 **[(10)] (11)** any other programs or funds designated by statute, the
15 Governor, or the Secretary.

16 **SUBTITLE 14. REGIONAL INSTITUTION STRATEGIC ENTERPRISE ZONE**
17 **PROGRAM.**

18 5–1401.

19 **(A) IN THIS SUBTITLE THE FOLLOWING WORDS HAVE THE MEANINGS**
20 **INDICATED.**

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

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

26 **(D) “PUBLIC SCHOOL” HAS THE MEANING STATED IN § 1–101 OF THE**
27 **EDUCATION ARTICLE.**

28 **(E) “QUALIFIED INSTITUTION” MEANS AN ENTITY THAT IS DESIGNATED**
29 **AS A QUALIFIED INSTITUTION UNDER § 5–1403 OF THIS SUBTITLE AND MAY**
30 **INCLUDE:**

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

2 ~~(2)~~ (1) A NONPROFIT ORGANIZATION THAT IS AFFILIATED WITH
3 NEW CONSTRUCTION OR RENOVATION OF A PUBLIC SCHOOL;

4 ~~(3)~~ (2) AN INSTITUTION OF HIGHER EDUCATION AS DEFINED
5 UNDER § 10-101 OF THE EDUCATION ARTICLE; OR

6 ~~(4)~~ (3) A NONPROFIT ORGANIZATION THAT IS AFFILIATED WITH A
7 FEDERAL AGENCY.

8 (F) “RISE ZONE” MEANS AN AREA THAT MEETS THE REQUIREMENTS OF
9 § 5-1404 OF THIS SUBTITLE AND IS DESIGNATED AS A ~~RISE~~ REGIONAL
10 INSTITUTION STRATEGIC ENTERPRISE ZONE BY THE SECRETARY UNDER §
11 5-1404 OF THIS SUBTITLE.

12 5-1402.

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

17 5-1403.

18 (A) AN INSTITUTION MAY APPLY TO THE SECRETARY TO BE
19 DESIGNATED AS A QUALIFIED INSTITUTION.

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

22 (1) EVIDENCE AN INTENTION:

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

26 (II) TO USE THE RESOURCES AND EXPERTISE OF THE
27 APPLICANT TO SPUR ECONOMIC DEVELOPMENT AND COMMUNITY
28 REVITALIZATION IN AN AREA OF THE STATE THAT THE APPLICANT INTENDS TO
29 BECOME A RISE ZONE; AND

1 (III) TO CREATE A SIGNIFICANT NUMBER OF NEW JOBS
2 WITHIN AN AREA OF THE STATE THAT THE APPLICANT INTENDS TO BECOME A
3 RISE ZONE;

4 (2) HAVE A DEMONSTRATED HISTORY OF COMMUNITY
5 INVOLVEMENT AND ECONOMIC DEVELOPMENT WITHIN THE COMMUNITIES THAT
6 THE APPLICANT SERVES; AND

7 (3) MEET THE MINIMUM FINANCIAL QUALIFICATIONS
8 ESTABLISHED BY THE SECRETARY.

9 (C) IF THE APPLICANT IS A NONPROFIT ORGANIZATION, THE
10 APPLICATION SHALL DEMONSTRATE AND ESTABLISH AN AFFILIATION WITH:

11 (1) A FEDERAL AGENCY; OR

12 (2) THE PROPOSED CONSTRUCTION OR RENOVATION OF A PUBLIC
13 SCHOOL.

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

18 (2) THE SECRETARY SHALL ADOPT REGULATIONS THAT
19 ESTABLISH FACTORS FOR EVALUATING APPLICATIONS UNDER SUBSECTION (B)
20 OF THIS SECTION.

21 (E) IN THE FORM AND CONTENT ACCEPTABLE TO THE SECRETARY, AN
22 APPLICANT SHALL SUBMIT TO THE SECRETARY AN APPLICATION THAT
23 CONTAINS THE INFORMATION THAT THE SECRETARY CONSIDERS NECESSARY
24 TO EVALUATE THE REQUEST FOR DESIGNATION AS A QUALIFIED INSTITUTION.

25 (F) WITHIN 90 DAYS AFTER SUBMISSION OF AN APPLICATION UNDER
26 THIS SECTION, THE SECRETARY SHALL APPROVE OR REJECT THE APPLICATION
27 OF AN INSTITUTION TO BE DESIGNATED AS A QUALIFIED INSTITUTION.

28 5-1404.

29 (A) (1) ON OR AFTER JULY 1, 2015, A QUALIFIED INSTITUTION MAY
30 APPLY TO THE SECRETARY TO DESIGNATE AN AREA AS A ~~RISE~~ REGIONAL
31 INSTITUTION STRATEGIC ENTERPRISE ZONE.

1 **(2) A QUALIFIED INSTITUTION MAY APPLY JOINTLY WITH A**
2 **COUNTY, A MUNICIPAL CORPORATION, OR THE ECONOMIC DEVELOPMENT**
3 **AGENCY OF A COUNTY OR A MUNICIPAL CORPORATION.**

4 **(B) THE APPLICATION SHALL:**

5 **(1) BE IN THE FORM AND CONTAIN THE INFORMATION THAT THE**
6 **SECRETARY REQUIRES BY REGULATION;**

7 **(2) STATE THE BOUNDARIES OF THE AREA OF THE PROPOSED**
8 **RISE ZONE; AND**

9 **(3) CONTAIN A PLAN THAT IDENTIFIES THE TARGET STRATEGY**
10 **FOR THE RISE ZONE.**

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

14 **(D) (1) WITHIN 90 DAYS AFTER SUBMISSION OF AN APPLICATION**
15 **UNDER THIS SECTION, THE SECRETARY SHALL:**

16 **(I) APPROVE OR REJECT AN APPLICATION FOR**
17 **DESIGNATION OF A RISE ZONE; AND**

18 **(II) DEFINE THE BOUNDARIES OF THE APPROVED RISE**
19 **ZONE.**

20 **(2) AT LEAST 60 DAYS BEFORE APPROVAL OR REJECTION OF AN**
21 **APPLICATION UNDER THIS SECTION, THE SECRETARY SHALL NOTIFY:**

22 **(I) THE LEGISLATIVE POLICY COMMITTEE; AND**

23 **(II) THE GOVERNING BODY OF THE COUNTY OR MUNICIPAL**
24 **CORPORATION IN WHICH THE PROPOSED RISE ZONE IS LOCATED.**

25 **(3) THE LEGISLATIVE POLICY COMMITTEE OR THE GOVERNING**
26 **BODY OF THE COUNTY OR MUNICIPAL CORPORATION IN WHICH THE RISE ZONE**
27 **IS LOCATED MAY PROVIDE ADVICE TO THE SECRETARY REGARDING:**

28 **(I) THE APPROVAL OR REJECTION OF THE RISE ZONE; OR**

29 **(II) THE BOUNDARIES OF THE PROPOSED RISE ZONE.**

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

4 **(E) IF THE PROPOSED RISE ZONE IS IN A RURAL PART OF THE STATE, A**
5 **QUALIFIED INSTITUTION MAY NOT BE REQUIRED TO BE IN THE IMMEDIATE**
6 **AREA OF THE RISE ZONE.**

7 **(F) SUBJECT TO § 9-103.1(C)(5) OF THE TAX – PROPERTY ARTICLE, IF**
8 **A QUALIFIED INSTITUTION DOES NOT APPLY FOR THE DESIGNATION OF A RISE**
9 **ZONE JOINTLY WITH A COUNTY OR THE ECONOMIC DEVELOPMENT AGENCY OF A**
10 **COUNTY, THE GOVERNING BODY OF THE COUNTY MAY ESTABLISH THE**
11 **PERCENTAGE OF THE AMOUNT OF THE PROPERTY TAX IMPOSED ON THE**
12 **ELIGIBLE ASSESSMENT OF THE QUALIFIED PROPERTY TO WHICH THE**
13 **PROPERTY TAX CREDIT ESTABLISHED UNDER § 9-103.1 OF THE TAX –**
14 **PROPERTY ARTICLE APPLIES.**

15 **5-1405.**

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

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

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

23 **(2) ACCESSING EXISTING PROGRAMS AT THE DEPARTMENT, THE**
24 **DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT, THE**
25 **DEPARTMENT OF LABOR, LICENSING, AND REGULATION, OR THE DEPARTMENT**
26 **OF 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:**

32 **(I) THE PROPERTY TAX CREDIT UNDER § 9-103.1 OF THE**
33 **TAX – PROPERTY ARTICLE;**

1 (II) THE INCOME TAX CREDIT UNDER § 10-702 OF THE TAX –
2 GENERAL ARTICLE;

3 (III) THE INCOME TAX MODIFICATION UNDER § 10-210.1(C)
4 OF THE TAX – GENERAL ARTICLE; AND

5 (IV) CONSIDERATION FOR FINANCIAL ASSISTANCE FROM
6 PROGRAMS IN SUBTITLE 1 OF THIS TITLE.

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

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

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

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

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

27 5-1407.

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

31 (1) THE NUMBER AND AMOUNTS OF TAX INCENTIVES GRANTED
32 EACH YEAR; AND

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

3 **(B) ON OR BEFORE DECEMBER 15 OF EACH YEAR, THE DEPARTMENT**
4 **AND THE COMPTROLLER SHALL SUBMIT TO THE GOVERNOR AND, IN**
5 **ACCORDANCE WITH § 2-1246 OF THE STATE GOVERNMENT ARTICLE, THE**
6 **GENERAL ASSEMBLY A REPORT OUTLINING THE FINDINGS OF THE**
7 **DEPARTMENT AND THE COMPTROLLER AND ANY OTHER INFORMATION OF**
8 **VALUE IN DETERMINING THE EFFECTIVENESS OF THE TAX INCENTIVES**
9 **AUTHORIZED UNDER THIS SUBTITLE.**

10 12-201.

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

12 **(N-1) "RISE ZONE" MEANS AN AREA DESIGNATED AS A RISE ZONE**
13 **UNDER § 5-1404 OF THIS ARTICLE.**

14 12-203.

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

16 (1) by resolution:

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

19 (ii) identify an area that has been designated a sustainable
20 community; OR

21 **(III) IDENTIFY AN AREA THAT HAS BEEN DESIGNATED A**
22 **RISE ZONE;**

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

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

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

31 (ii) the portion of the taxes on the tax increment that normally
32 would be paid into the general fund of the political subdivision shall be paid into the

1 special fund established under § 12–208 of this subtitle and applied in accordance with
2 § 12–209 of this subtitle.

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

7 12–207.

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

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

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

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

16 (2) for site removal;

17 (3) for surveys and studies;

18 (4) to relocate businesses or residents;

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

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

22 (ii) parking; and

23 (iii) lighting;

24 (6) to construct or rehabilitate buildings for a governmental purpose
25 or use;

26 (7) for reserves or capitalized interest;

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

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

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

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

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

7 **(II) ENVIRONMENTAL REMEDIATION, DEMOLITION, AND**
8 **SITE PREPARATION;**

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

11 **(IV) SCHOOLS;**

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

13 **(VI) STORMWATER MANAGEMENT AND STORM DRAIN**
14 **FACILITIES;**

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

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

23 12-208.

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

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

29 **(2) are outstanding at the time of adoption.**

30 12-209.

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

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

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

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

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

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

18 (2) The agreement shall:

19 (i) be in writing;

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

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

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

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

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

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

1 12-210.

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

6 (2) The agreement shall:

7 (i) be in writing;

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

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

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

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

20 (1) secure the payment of debt service on bonds or MEDCO
21 obligations; or

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

23 12-211.

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

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

29 (1) the property shall be assessed and taxed in the same manner as
30 privately owned property; and

31 (2) the lease shall require the lessee to pay taxes or payments in lieu
32 of taxes on the assessed value of the entire property and not only on the assessed
33 value of the leasehold interest.

1 Article – Tax – Property

2 9–103.1.

3 (A) (1) IN THIS SECTION THE FOLLOWING WORDS HAVE THE
4 MEANINGS INDICATED.

5 (2) “BASE YEAR” MEANS THE TAXABLE YEAR IMMEDIATELY
6 BEFORE THE TAXABLE YEAR IN WHICH A PROPERTY TAX CREDIT UNDER THIS
7 SECTION IS TO BE GRANTED.

8 (3) (I) “BASE YEAR VALUE” MEANS THE VALUE OF THE
9 PROPERTY USED TO DETERMINE THE ASSESSMENT ON WHICH THE PROPERTY
10 TAX ON REAL PROPERTY WAS IMPOSED FOR THE BASE YEAR.

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

13 (4) (I) “BUSINESS ENTITY” MEANS A PERSON WHO OPERATES
14 OR CONDUCTS A TRADE OR BUSINESS.

15 (II) “BUSINESS ENTITY” INCLUDES A PERSON WHO OWNS,
16 OPERATES, DEVELOPS, CONSTRUCTS, OR REHABILITATES REAL PROPERTY IF
17 THE REAL PROPERTY:

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

22 2. IS PARTIALLY DEVOTED TO A NONRESIDENTIAL
23 USE.

24 (5) (I) “ELIGIBLE ASSESSMENT” MEANS THE DIFFERENCE
25 BETWEEN THE BASE YEAR VALUE AND THE ACTUAL VALUE AS DETERMINED BY
26 THE DEPARTMENT FOR THE APPLICABLE TAXABLE YEAR IN WHICH THE TAX
27 CREDIT UNDER THIS SECTION IS TO BE GRANTED.

28 (II) FOR A BUSINESS ENTITY THAT IS LOCATED ON LAND OR
29 WITHIN IMPROVEMENTS OWNED BY THE FEDERAL, STATE, COUNTY, OR
30 MUNICIPAL GOVERNMENT, “ELIGIBLE ASSESSMENT” MEANS THE DIFFERENCE
31 BETWEEN THE BASE YEAR VALUE AND THE ACTUAL VALUE REDUCED BY THE
32 VALUE OF ANY PROPERTY ENTITLED TO AN EXEMPTION UNDER TITLE 7 OF THIS

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

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

4 (I) NOT USED FOR RESIDENTIAL PURPOSES;

5 (II) USED IN A TRADE OR BUSINESS BY A BUSINESS ENTITY;

6 AND

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

10 (B) THE GOVERNING BODY OF A COUNTY OR OF A MUNICIPAL
11 CORPORATION SHALL GRANT A TAX CREDIT UNDER THIS SECTION AGAINST THE
12 PROPERTY TAX IMPOSED ON THE ELIGIBLE ASSESSMENT OF QUALIFIED
13 PROPERTY.

14 (C) (1) ~~THE~~ EXCEPT AS PROVIDED IN PARAGRAPHS (4) AND (5) OF
15 THIS SUBSECTION, THE APPROPRIATE GOVERNING BODY SHALL CALCULATE
16 THE AMOUNT OF THE TAX CREDIT UNDER THIS SECTION EQUAL TO A
17 PERCENTAGE OF THE AMOUNT OF PROPERTY TAX IMPOSED ON THE ELIGIBLE
18 ASSESSMENT OF THE QUALIFIED PROPERTY AS FOLLOWS:

19 (I) 80% IN EACH OF THE FIRST 5 TAXABLE YEARS
20 FOLLOWING THE CALENDAR YEAR IN WHICH THE PROPERTY INITIALLY
21 BECOMES A QUALIFIED PROPERTY;

22 (II) 70% IN THE SIXTH TAXABLE YEAR;

23 (III) 60% IN THE SEVENTH TAXABLE YEAR;

24 (IV) 50% IN THE EIGHTH TAXABLE YEAR;

25 (V) 40% IN THE NINTH TAXABLE YEAR; AND

26 (VI) 30% IN THE TENTH TAXABLE YEAR.

27 (2) THE DEPARTMENT SHALL ALLOCATE THE ELIGIBLE
28 ASSESSMENT TO THE NONRESIDENTIAL PART OF THE QUALIFIED PROPERTY AT
29 THE SAME PERCENTAGE AS THE SQUARE FOOTAGE OF THE NONRESIDENTIAL
30 PART IS TO THE TOTAL SQUARE FOOTAGE OF THE BUILDING.

1 **(3) FOR PURPOSES OF CALCULATING THE AMOUNT OF THE**
2 **CREDIT ALLOWED UNDER THIS SECTION, THE AMOUNT OF PROPERTY TAX**
3 **IMPOSED ON THE ELIGIBLE ASSESSMENT SHALL BE CALCULATED WITHOUT**
4 **REDUCTION FOR ANY CREDITS ALLOWED UNDER THIS TITLE.**

5 **(4) (I) FOR QUALIFIED PROPERTY LOCATED IN AN**
6 **ENTERPRISE ZONE DESIGNATED UNDER TITLE 5, SUBTITLE 7 OF THE**
7 **ECONOMIC DEVELOPMENT ARTICLE, THE APPROPRIATE GOVERNING BODY**
8 **SHALL CALCULATE THE AMOUNT OF THE TAX CREDIT UNDER THIS SECTION**
9 **EQUAL TO 80% OF THE AMOUNT OF PROPERTY TAX IMPOSED ON THE ELIGIBLE**
10 **ASSESSMENT OF THE QUALIFIED PROPERTY FOR EACH OF THE 10 TAXABLE**
11 **YEARS FOLLOWING THE CALENDAR YEAR IN WHICH THE PROPERTY INITIALLY**
12 **BECOMES A QUALIFIED PROPERTY.**

13 **(II) FOR QUALIFIED PROPERTY LOCATED IN A FOCUS AREA**
14 **DESIGNATED UNDER § 5-706 OF THE ECONOMIC DEVELOPMENT ARTICLE, THE**
15 **APPROPRIATE GOVERNING BODY SHALL CALCULATE THE AMOUNT OF THE TAX**
16 **CREDIT UNDER THIS SECTION EQUAL TO 100% OF THE AMOUNT OF PROPERTY**
17 **TAX IMPOSED ON THE ELIGIBLE ASSESSMENT OF THE QUALIFIED PROPERTY**
18 **FOR EACH OF THE 10 TAXABLE YEARS FOLLOWING THE CALENDAR YEAR IN**
19 **WHICH THE PROPERTY INITIALLY BECOMES A QUALIFIED PROPERTY.**

20 **(III) 1. IF A BUSINESS ENTITY IS CERTIFIED AS**
21 **CONSISTENT WITH THE TARGET STRATEGY OF THE RISE ZONE AND THE**
22 **QUALIFIED PROPERTY IS LOCATED IN AN ENTERPRISE ZONE OR FOCUS AREA,**
23 **THE AMOUNT OF THE REQUIRED REIMBURSEMENT UNDER § 9-103(H) OF THIS**
24 **SUBTITLE MAY ONLY BE FOR THE AMOUNT REQUIRED FOR THE REQUIRED**
25 **PROPERTY TAX CREDITS UNDER § 9-103 OF THIS SUBTITLE.**

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

29 **(5) (I) IF THE QUALIFIED PROPERTY IS LOCATED IN A**
30 **REGIONAL INSTITUTION STRATEGIC ENTERPRISE ZONE THAT A COUNTY OR**
31 **THE ECONOMIC DEVELOPMENT AGENCY OF A COUNTY DID NOT JOINTLY APPLY**
32 **FOR UNDER § 5-1404 OF THE ECONOMIC DEVELOPMENT ARTICLE, THE**
33 **AMOUNT OF THE PROPERTY TAX CREDIT IS EQUAL TO AT LEAST THE AMOUNT**
34 **PROVIDED UNDER THIS PARAGRAPH.**

35 **(II) THE APPROPRIATE GOVERNING BODY SHALL**
36 **CALCULATE THE AMOUNT OF THE TAX CREDIT UNDER THIS SECTION EQUAL TO**
37 **50% OF THE AMOUNT OF PROPERTY TAX IMPOSED ON THE ELIGIBLE**
38 **ASSESSMENT OF THE QUALIFIED PROPERTY FOR EACH OF THE 5 TAXABLE**

1 YEARS FOLLOWING THE CALENDAR YEAR IN WHICH THE PROPERTY INITIALLY
2 BECOMES QUALIFIED PROPERTY.

3 (III) THE GOVERNING BODY OF A COUNTY MAY INCREASE, BY
4 LOCAL LAW, THE PERCENTAGE UNDER SUBPARAGRAPH (II) OF THIS
5 PARAGRAPH.

6 (IV) THE GOVERNING BODY OF A MUNICIPAL CORPORATION
7 MAY NOT ALTER THE PERCENTAGE UNDER SUBPARAGRAPH (II) OF THIS
8 PARAGRAPH.

9 (6) IF THE QUALIFIED PROPERTY IS LOCATED IN A REGIONAL
10 INSTITUTION STRATEGIC ENTERPRISE ZONE THAT A COUNTY, A MUNICIPAL
11 CORPORATION, OR THE ECONOMIC DEVELOPMENT AGENCY OF A COUNTY OR
12 MUNICIPAL CORPORATION JOINTLY APPLIED FOR UNDER § 5-1404 OF THE
13 ECONOMIC DEVELOPMENT ARTICLE, THE COUNTY AND, IF THE QUALIFIED
14 PROPERTY IS LOCATED IN A MUNICIPAL CORPORATION THAT WAS PART OF THE
15 JOINT APPLICATION, THE MUNICIPAL CORPORATION MAY PROPOSE THE
16 PERCENTAGE TO BE USED TO CALCULATE THE TAX CREDIT UNDER THIS
17 SECTION AND THE DURATION OF THE TAX CREDIT.

18 (D) (1) A TAX CREDIT UNDER THIS SECTION IS AVAILABLE TO A
19 QUALIFIED PROPERTY FOR NO MORE THAN 10 CONSECUTIVE YEARS BEGINNING
20 WITH THE TAXABLE YEAR FOLLOWING THE CALENDAR YEAR IN WHICH THE
21 REAL PROPERTY INITIALLY BECOMES A QUALIFIED PROPERTY.

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

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

27 (E) WHEN A REGIONAL INSTITUTION STRATEGIC ENTERPRISE ZONE IS
28 DESIGNATED BY THE SECRETARY OF BUSINESS AND ECONOMIC
29 DEVELOPMENT, THE SECRETARY SHALL CERTIFY TO THE STATE DEPARTMENT
30 OF ASSESSMENTS AND TAXATION:

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

34 (2) THE DATE THAT THE REAL PROPERTIES BECAME QUALIFIED
35 PROPERTIES.

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

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

7 (3) (I) “Enterprise zone” has the meaning stated in § 5–701 of the
8 Economic Development Article.

9 (II) “ENTERPRISE ZONE” INCLUDES A REGIONAL
10 INSTITUTION STRATEGIC ENTERPRISE ZONE ESTABLISHED UNDER TITLE 5,
11 SUBTITLE 14 OF THE ECONOMIC DEVELOPMENT ARTICLE.

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

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

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

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

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

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

23 1. the date on which the enterprise zone is designated;
24 or

25 2. the date on which the business entity locates in the
26 enterprise zone.

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

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

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

4 (6) "Focus area" has the meaning stated in § 5-701 of the Economic
5 Development Article.

6 (7) "Focus area employee" means an individual who:

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

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

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

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

- 16 1. the date on which the focus area is designated; or
17 2. the date on which the business entity located in the
18 focus area; and

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

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

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

30 (3) An organization that is exempt from taxation under § 501(c)(3) or
31 (4) of the Internal Revenue Code may apply the credit under this section as a credit
32 against income tax due on unrelated business taxable income as provided under §§
33 10-304 and 10-812 of this title.

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

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

6 (i) is an economically disadvantaged individual; and

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

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

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

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

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

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

19 1. is an economically disadvantaged individual;

20 2. became a qualified employee during the taxable year
21 to which the credit applies; and

22 3. is not hired to replace an individual whom the
23 business entity employed in that or any of the 3 preceding taxable years;

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

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

31 1. is an economically disadvantaged individual for whom
32 the business entity received a credit under subsection (c)(1) of this section or item (i) of

1 this paragraph and a credit under item (ii) of this paragraph in the 2 immediately
2 preceding taxable years; or

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

5 (2) A business entity that hires a qualified employee to replace
6 another qualified employee for whom the business entity received a credit under
7 subsection (c)(1) of this section and paragraph (1)(ii) of this subsection in the
8 immediately preceding taxable year may treat the new qualified employee as the
9 replacement for the other qualified employee to determine any credit that may be
10 available to the business entity under paragraph (1)(ii) or (iii) of this subsection.

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

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

16 1. is an economically disadvantaged individual; and

17 2. is not hired to replace an individual whom the
18 business entity employed in that year or any of the 3 preceding taxable years; and

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

21 1. is not an economically disadvantaged individual; and

22 2. is not hired to replace an individual whom the
23 business entity employed in that year or any of the 3 preceding taxable years.

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

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

29 1. is an economically disadvantaged individual;

30 2. became a focus area employee during the taxable year
31 to which the credit applies; and

32 3. is not hired to replace an individual whom the
33 business entity employed in that year or any of the 3 preceding taxable years;

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

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

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

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

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

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

15 (3) A business entity that hires a focus area employee to replace
16 another focus area employee for whom the business entity received a credit under
17 paragraph (1)(i) of this subsection and paragraph (2)(ii) of this subsection in the
18 immediately preceding taxable year may treat the focus area employee as the
19 replacement for the other focus area employee to determine any credit that may be
20 available to the business entity under paragraph (2)(ii) or (iii) of this subsection.

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

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

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

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

29 **The Charter of Baltimore City**

30 **Article II – General Powers**

31 The Mayor and City Council of Baltimore shall have full power and authority to
32 exercise all of the powers heretofore or hereafter granted to it by the Constitution of
33 Maryland or by any Public General or Public Local Laws of the State of Maryland; and

1 in particular, without limitation upon the foregoing, shall have power by ordinance, or
 2 such other method as may be provided for in its Charter, subject to the provisions of
 3 said Constitution and Public General Laws:

4 (62)

5 (L) IN ADDITION TO THE POWERS IN THIS SECTION, THE MAYOR AND
 6 CITY COUNCIL OF BALTIMORE MAY USE THE AUTHORITY GRANTED TO A
 7 POLITICAL SUBDIVISION FOR TAX INCREMENT FINANCING IN A REGIONAL
 8 INSTITUTION STRATEGIC ENTERPRISE ZONE AS PROVIDED FOR IN TITLE 12,
 9 SUBTITLE 2 OF THE ECONOMIC DEVELOPMENT ARTICLE OF THE ANNOTATED
 10 CODE OF MARYLAND.

11 (62A)

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

18 SECTION 2. AND BE IT FURTHER ENACTED, That, before adopting
 19 regulations to implement the provisions of this Act, the Department of Business and
 20 Economic Development shall organize a group of interested parties, stakeholders, and
 21 experts in community development to provide advice on the regulations.

22 SECTION 3. AND BE IT FURTHER ENACTED, That, on or before January 1,
 23 2017, the Comptroller shall report to the General Assembly, in accordance with §
 24 2-1246 of the State Government Article, on the cost and impact of the tax incentive for
 25 depreciation under § 10-210.1(c) of the Tax – General Article.

26 SECTION ~~2~~ 4. AND BE IT FURTHER ENACTED, That this Act shall take
 27 effect October 1, 2014.

Approved:

Governor.

President of the Senate.

Speaker of the House of Delegates.