

SENATE BILL 507

C8, Q2, Q3

5lr0857

By: **Senators Manno, DeGrange, Edwards, Kagan, Klausmeier, Peters, Ramirez, Salling, Waugh, Young, and Serafini**

Introduced and read first time: February 6, 2015

Assigned to: Budget and Taxation

A BILL ENTITLED

1 AN ACT concerning

2 **Maryland Strong Manufacturing Development Act**

3 FOR the purpose of establishing the Manufacturing Development Zone Program to
4 encourage business entities engaged in manufacturing outside the State to invest in
5 manufacturing facilities in certain areas of the State; authorizing certain political
6 subdivisions to apply to the Secretary of Business and Economic Development to
7 have certain areas of the State designated as a manufacturing development zone;
8 requiring the application to contain certain information; requiring the Secretary to
9 submit each application to the Maryland Advisory Commission on Manufacturing
10 Competitiveness for approval or rejection within a certain time period; authorizing
11 the Secretary to approve or reject a zone application within a certain number of days
12 on or after a certain date after the application is approved by the Commission;
13 providing that a designation is effective for a certain number of years; providing that
14 the Secretary may not designate and a county may not receive more than a certain
15 number of zones during a calendar year; authorizing a political subdivision to apply
16 to the Secretary to expand an existing zone; authorizing the Secretary to grant a
17 certain number of extraordinary expansions of zones in the State each year;
18 providing that certain business entities that meet certain conditions are entitled to
19 certain incentives; providing that certain business entities are not eligible for certain
20 incentives; providing for the length of availability of certain incentives; requiring the
21 Department of Business and Economic Development and the Comptroller to jointly
22 assess the effectiveness of certain tax credits; requiring the Department and
23 Comptroller to submit a certain report; authorizing a business entity that locates in
24 a zone and its employees to receive certain tax incentives and financial assistance;
25 requiring the governing body of a county or municipal corporation to grant a property
26 tax credit on a certain assessment of qualified properties located in the zone;
27 providing for the amount of the credit; providing that the credit may not be claimed
28 for more than a certain number of years; requiring the Secretary to make certain
29 certifications; requiring the State Department of Assessments and Taxation to
30 submit a certain list to the Secretary; requiring the governing body of a county or

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 municipal corporation to grant a property tax credit on certain personal property;
2 providing a subtraction modification under the Maryland income tax for certain
3 income earned as an employee of certain business entities; authorizing certain
4 business entities to claim a credit against the State income tax equal to the amount
5 of State income tax imposed on certain qualified income; defining certain terms;
6 providing for the application of this Act; and generally relating to the creation of the
7 Manufacturing Development Zone Program.

8 BY repealing and reenacting, with amendments,
9 Article – Economic Development
10 Section 5–102(10) and (11)
11 Annotated Code of Maryland
12 (2008 Volume and 2014 Supplement)

13 BY adding to
14 Article – Economic Development
15 Section 5–102(11); and 5–1501 through 5–1507 to be under the new subtitle “Subtitle
16 15. Manufacturing Development Zone Program”
17 Annotated Code of Maryland
18 (2008 Volume and 2014 Supplement)

19 BY adding to
20 Article – Tax – Property
21 Section 9–103.2 and 9–110
22 Annotated Code of Maryland
23 (2012 Replacement Volume and 2014 Supplement)

24 BY repealing and reenacting, without amendments,
25 Article – Tax – General
26 Section 10–207(a)
27 Annotated Code of Maryland
28 (2010 Replacement Volume and 2014 Supplement)

29 BY adding to
30 Article – Tax – General
31 Section 10–207(cc) and 10–737
32 Annotated Code of Maryland
33 (2010 Replacement Volume and 2014 Supplement)

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

36 **Article – Economic Development**

37 5–102.

1 The Department shall administer the State's economic development and financial
2 assistance programs and funds including:

3 (10) the Regional Institution Strategic Enterprise Zone Program under
4 Subtitle 14 of this title; [and]

5 **(11) THE MANUFACTURING DEVELOPMENT ZONE PROGRAM UNDER**
6 **SUBTITLE 15 OF THIS TITLE; AND**

7 ~~[(11)]~~ **(12)** any other programs or funds designated by statute, the
8 Governor, or the Secretary.

9 **SUBTITLE 15. MANUFACTURING DEVELOPMENT ZONE PROGRAM.**

10 **5-1501.**

11 **(A) IN THIS SUBTITLE THE FOLLOWING WORDS HAVE THE MEANINGS**
12 **INDICATED.**

13 **(B) "AREA" MEANS A GEOGRAPHIC AREA IN ONE OR MORE POLITICAL**
14 **SUBDIVISIONS IN THE STATE DESCRIBED BY A CLOSED PERIMETER BOUNDARY.**

15 **(C) "BUSINESS ENTITY" MEANS A PERSON THAT OPERATES OR CONDUCTS A**
16 **TRADE OR BUSINESS THAT IS ENGAGED IN HEAVY MANUFACTURING.**

17 **(D) "COMMISSION" MEANS THE MARYLAND ADVISORY COMMISSION ON**
18 **MANUFACTURING COMPETITIVENESS ESTABLISHED UNDER § 3-103 OF THE**
19 **ECONOMIC DEVELOPMENT ARTICLE.**

20 **(E) (1) "HEAVY MANUFACTURING" MEANS A MANUFACTURING PROCESS**
21 **THAT INVOLVES LARGE SCALE PROJECTS.**

22 **(2) "HEAVY MANUFACTURING" INCLUDES CONSTRUCTION, MINING,**
23 **AND METAL PROCESSING.**

24 **(3) "HEAVY MANUFACTURING" DOES NOT INCLUDE THE**
25 **PROCESSING, FABRICATING, ASSEMBLY, OR DISASSEMBLY OF;**

26 **(I) APPAREL;**

27 **(II) DECORATIONS;**

28 **(III) ELECTRONIC DEVICES;**

- 1 **(IV) FOOD;**
- 2 **(V) HOME ACCESSORIES;**
- 3 **(VI) INSTRUMENTS;**
- 4 **(VII) JEWELRY;**
- 5 **(VIII) LEATHER;**
- 6 **(IX) PAPER; OR**
- 7 **(X) TEXTILES.**

8 **(F) “MANUFACTURING DEVELOPMENT ZONE” MEANS AN AREA DESIGNATED**
9 **AS A MANUFACTURING DEVELOPMENT ZONE BY THE SECRETARY UNDER § 5-1504**
10 **OF THIS SUBTITLE.**

11 **(G) “POLITICAL SUBDIVISION” MEANS A COUNTY OR MUNICIPAL**
12 **CORPORATION.**

13 **(H) “SUBMISSION DATE” MEANS APRIL 15 OR OCTOBER 15.**
14 **5-1502.**

15 **THE PURPOSE OF THE MANUFACTURING DEVELOPMENT ZONE PROGRAM IS**
16 **TO ENCOURAGE BUSINESS ENTITIES ENGAGED IN MANUFACTURING OUTSIDE THE**
17 **STATE TO INVEST IN MANUFACTURING FACILITIES IN MANUFACTURING**
18 **DEVELOPMENT ZONES.**

19 **5-1503.**

20 **(A) THE FOLLOWING POLITICAL SUBDIVISIONS MAY APPLY TO THE**
21 **SECRETARY TO DESIGNATE A MANUFACTURING DEVELOPMENT ZONE:**

22 **(1) A POLITICAL SUBDIVISION FOR AN AREA WITHIN A POLITICAL**
23 **SUBDIVISION;**

24 **(2) WITH THE PRIOR CONSENT OF THE MUNICIPAL CORPORATION, A**
25 **COUNTY ON BEHALF OF A MUNICIPAL CORPORATION FOR AN AREA IN THE**
26 **MUNICIPAL CORPORATION; OR**

1 **(3) TWO OR MORE POLITICAL SUBDIVISIONS JOINTLY FOR AN AREA**
2 **ASTRIDE THEIR COMMON BOUNDARIES.**

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

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

6 **(2) BE SUBMITTED FOR A POLITICAL SUBDIVISION BY ITS CHIEF**
7 **ELECTED OFFICER OR, IF NONE, ITS GOVERNING BODY;**

8 **(3) STATE WHETHER THE POLITICAL SUBDIVISION HAS EXAMINED**
9 **THE FEASIBILITY OF CREATING EDUCATIONAL OR TRAINING OPPORTUNITIES FOR**
10 **EMPLOYERS AND EMPLOYEES OF BUSINESS ENTITIES LOCATED OR TO BE LOCATED**
11 **IN THE PROPOSED MANUFACTURING DEVELOPMENT ZONE;**

12 **(4) STATE THE STANDARDS ESTABLISHED BY THE POLITICAL**
13 **SUBDIVISION THAT A BUSINESS ENTITY SHALL MEET BEFORE RECEIVING THE**
14 **INCENTIVES AND INITIATIVES UNDER § 5-1506 OF THIS SUBTITLE; AND**

15 **(5) STATE THE METHODS THAT THE POLITICAL SUBDIVISION WILL**
16 **USE TO TARGET AND ATTRACT BUSINESS ENTITIES.**

17 **(C) (1) THE SECRETARY SHALL SUBMIT EACH APPLICATION TO THE**
18 **COMMISSION.**

19 **(2) WITHIN 30 DAYS OF RECEIVING AN APPLICATION, THE**
20 **COMMISSION SHALL APPROVE OR REJECT AN APPLICATION.**

21 **5-1504.**

22 **(A) (1) WITHIN 60 DAYS AFTER A SUBMISSION DATE, THE SECRETARY**
23 **MAY DESIGNATE ONE OR MORE MANUFACTURING DEVELOPMENT ZONES FROM**
24 **AMONG THE AREAS DESCRIBED IN THE APPLICATIONS AND APPROVED BY THE**
25 **COMMISSION UNDER § 5-1503(C) OF THIS SUBTITLE.**

26 **(2) THE DESIGNATION OF AN AREA AS A MANUFACTURING**
27 **DEVELOPMENT ZONE IS EFFECTIVE FOR 10 YEARS.**

28 **(3) THE SECRETARY MAY NOT DESIGNATE MORE THAN SIX**
29 **MANUFACTURING DEVELOPMENT ZONES IN A CALENDAR YEAR.**

1 **(4) A COUNTY MAY NOT RECEIVE MORE THAN TWO MANUFACTURING**
2 **DEVELOPMENT ZONES IN A CALENDAR YEAR.**

3 **(B) THE DESIGNATION OF THE SECRETARY IS FINAL.**

4 **(C) AT ANY TIME, A POLITICAL SUBDIVISION MAY REAPPLY TO THE**
5 **SECRETARY TO DESIGNATE AS A MANUFACTURING DEVELOPMENT ZONE AN AREA**
6 **THAT IS NOT DESIGNATED.**

7 **5-1505.**

8 **(A) (1) A POLITICAL SUBDIVISION MAY APPLY TO THE SECRETARY TO**
9 **EXPAND AN EXISTING MANUFACTURING DEVELOPMENT ZONE IN THE SAME MANNER**
10 **AS THE POLITICAL SUBDIVISION WOULD APPLY TO DESIGNATE A NEW**
11 **MANUFACTURING DEVELOPMENT ZONE.**

12 **(2) THE SECRETARY MAY GRANT AN EXPANSION OF A**
13 **MANUFACTURING DEVELOPMENT ZONE INTO AN AREA.**

14 **(3) FOR PURPOSES OF § 5-1504 OF THIS SUBTITLE, AN EXPANSION OF**
15 **A MANUFACTURING DEVELOPMENT ZONE THAT DOES NOT EXCEED 50% OF THE**
16 **GEOGRAPHIC AREA OF THE EXISTING MANUFACTURING DEVELOPMENT ZONE DOES**
17 **NOT COUNT TOWARDS THE LIMIT ON THE NUMBER OF THE MANUFACTURING**
18 **DEVELOPMENT ZONES THAT:**

19 **(I) THE SECRETARY MAY DESIGNATE IN A CALENDAR YEAR; OR**

20 **(II) A COUNTY MAY RECEIVE IN A CALENDAR YEAR.**

21 **(B) (1) THE SECRETARY MAY GRANT ONE EXTRAORDINARY EXPANSION**
22 **OF A MANUFACTURING DEVELOPMENT ZONE IN THE STATE EACH CALENDAR YEAR**
23 **FOR AN AREA THAT, IN THE DETERMINATION OF THE SECRETARY, HAS SUFFERED A**
24 **SIGNIFICANT LOSS OF ECONOMIC BASE.**

25 **(2) FOR PURPOSES OF § 5-1504 OF THIS SUBTITLE, AN**
26 **EXTRAORDINARY EXPANSION OF A MANUFACTURING DEVELOPMENT ZONE DOES**
27 **NOT COUNT TOWARDS THE LIMIT ON THE NUMBER OF MANUFACTURING**
28 **DEVELOPMENT ZONES THAT:**

29 **(I) THE SECRETARY MAY DESIGNATE IN A CALENDAR YEAR; OR**

30 **(II) A COUNTY MAY RECEIVE IN A CALENDAR YEAR.**

1 **5-1506.**

2 (A) **TO THE EXTENT PROVIDED FOR IN THIS SECTION:**

3 (1) **A BUSINESS ENTITY IS ENTITLED TO:**

4 (I) **THE PROPERTY TAX CREDITS PROVIDED IN §§ 9-103.2 AND**
5 **9-110 OF THE TAX - PROPERTY ARTICLE;**

6 (II) **THE INCOME TAX CREDIT PROVIDED IN § 10-737 OF THE**
7 **TAX - GENERAL ARTICLE; AND**

8 (III) **CONSIDERATION FOR FINANCIAL ASSISTANCE FROM**
9 **PROGRAMS IN SUBTITLE 1 OF THIS TITLE; AND**

10 (2) **THE EMPLOYEES OF A BUSINESS ENTITY ARE ENTITLED TO THE**
11 **SUBTRACTION MODIFICATION UNDER § 10-207(CC) OF THE TAX - GENERAL**
12 **ARTICLE.**

13 (B) **A BUSINESS ENTITY THAT MOVES INTO OR LOCATES IN A**
14 **MANUFACTURING DEVELOPMENT ZONE ON OR AFTER THE DATE THAT THE**
15 **MANUFACTURING DEVELOPMENT ZONE IS DESIGNATED UNDER § 5-1504 OF THIS**
16 **SUBTITLE MAY BENEFIT FROM THE INCENTIVES UNDER THIS SECTION IF:**

17 (1) **THE BUSINESS ENTITY MEETS THE STATUTORY REQUIREMENTS**
18 **AND CONDITIONS APPLICABLE TO EACH INCENTIVE OR INITIATIVE;**

19 (2) **THE RESPECTIVE POLITICAL SUBDIVISION CERTIFIES THAT THE**
20 **BUSINESS ENTITY HAS COMPLIED WITH THE STANDARDS THAT THE SUBDIVISION**
21 **SUBMITTED UNDER § 5-1503(B)(4) OF THIS SUBTITLE;**

22 (3) **THE BUSINESS ENTITY CREATES NEW OR ADDITIONAL JOBS OR**
23 **MAKES A CAPITAL INVESTMENT TO QUALIFY FOR THE PROPERTY TAX CREDIT UNDER**
24 **§ 9-103.2 OF THE TAX - PROPERTY ARTICLE AND THE INCOME TAX CREDIT UNDER**
25 **§ 10-737 OF THE TAX - GENERAL ARTICLE;**

26 (4) **IN CONSIDERING WHETHER THE BUSINESS ENTITY QUALIFIES**
27 **FOR FINANCIAL ASSISTANCE FROM THE PROGRAMS IN SUBTITLE 1 OF THIS TITLE,**
28 **THE SECRETARY DETERMINES THAT THE BUSINESS ENTITY WILL CREATE NEW OR**
29 **ADDITIONAL JOBS;**

1 **(5) THE BUSINESS ENTITY IS ENGAGED IN A MANUFACTURING TRADE**
2 **OR BUSINESS ON REAL PROPERTY WITHIN THE MANUFACTURING DEVELOPMENT**
3 **ZONE THAT THE BUSINESS ENTITY OWNS; AND**

4 **(6) THE SECRETARY DETERMINES THAT THE BUSINESS ENTITY:**

5 **(I) DOES NOT HAVE AN ECONOMIC PRESENCE IN THE STATE**
6 **PRIOR TO LOCATING IN THE MANUFACTURING DEVELOPMENT ZONE; AND**

7 **(II) IS ENGAGED IN A MANUFACTURING TRADE OR BUSINESS.**

8 **(C) THE INCENTIVES AND INITIATIVES PROVIDED FOR IN THIS SECTION ARE**
9 **NOT AVAILABLE TO A BUSINESS ENTITY THAT WAS LOCATED IN A MANUFACTURING**
10 **DEVELOPMENT ZONE BEFORE THE DATE THAT THE MANUFACTURING**
11 **DEVELOPMENT ZONE IS DESIGNATED, EXCEPT FOR A CAPITAL INVESTMENT OR AN**
12 **EXPANSION OF ITS LABOR FORCE THAT OCCURS ON OR AFTER THE MANUFACTURING**
13 **DEVELOPMENT ZONE IS DESIGNATED.**

14 **(D) (1) EXCEPT AS PROVIDED IN §§ 9-103.2 AND 9-110 OF THE TAX -**
15 **PROPERTY ARTICLE, THE INCENTIVES AND INITIATIVES SET FORTH IN THIS**
16 **SECTION ARE AVAILABLE FOR 10 YEARS AFTER THE DATE THAT AN AREA IS**
17 **DESIGNATED A MANUFACTURING DEVELOPMENT ZONE.**

18 **(2) A LAW ENACTED AFTER THE ENACTMENT OF THIS SECTION THAT**
19 **ELIMINATES OR REDUCES THE BENEFITS AVAILABLE TO A BUSINESS ENTITY UNDER**
20 **THIS SECTION DOES NOT APPLY TO A BUSINESS ENTITY THAT WAS IN A**
21 **MANUFACTURING DEVELOPMENT ZONE BEFORE THE EFFECTIVE DATE OF THE LAW.**

22 **(E) NOTWITHSTANDING SUBSECTION (D) OF THIS SECTION, A BUSINESS**
23 **ENTITY LOCATED IN A MANUFACTURING DEVELOPMENT ZONE MAY NOT RECEIVE**
24 **THE INCENTIVES AND INITIATIVES SET FORTH IN SUBSECTION (A)(1)(I) AND (II) OF**
25 **THIS SECTION IF THE ENTITY IS LOCATED ON LAND OR WITHIN IMPROVEMENTS**
26 **OWNED BY THE FEDERAL GOVERNMENT, THE STATE, A COUNTY, OR A MUNICIPAL**
27 **CORPORATION UNLESS THE BUSINESS ENTITY HAS FIRST UTILIZED ALL APPLICABLE**
28 **PROPERTY TAX EXEMPTIONS UNDER TITLE 7 OF THE TAX - PROPERTY ARTICLE,**
29 **INCLUDING ENTERING INTO ANY AVAILABLE PAYMENT IN LIEU OF TAX AGREEMENT.**

30 **5-1507.**

31 **(A) THE DEPARTMENT AND THE COMPTROLLER JOINTLY SHALL ASSESS**
32 **EACH YEAR THE EFFECTIVENESS OF THE TAX CREDITS PROVIDED TO BUSINESS**
33 **ENTITIES IN MANUFACTURING DEVELOPMENT ZONES, INCLUDING:**

1 (1) THE NUMBER AND AMOUNTS OF CREDITS GRANTED EACH YEAR;
2 AND

3 (2) THE SUCCESS OF THE TAX CREDITS IN ATTRACTING AND
4 RETAINING BUSINESS ENTITIES IN MANUFACTURING DEVELOPMENT ZONES.

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

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

13 **Article – Tax – Property**

14 **9-103.2.**

15 (A) (1) IN THIS SECTION THE FOLLOWING WORDS HAVE THE MEANINGS
16 INDICATED.

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

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

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

25 (4) “BUSINESS ENTITY” MEANS A PERSON THAT OPERATES OR
26 CONDUCTS A TRADE OR BUSINESS THAT IS ENGAGED IN MANUFACTURING.

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

31 (II) FOR A BUSINESS ENTITY THAT IS LOCATED ON LAND OR
32 WITHIN IMPROVEMENTS OWNED BY THE FEDERAL, STATE, COUNTY, OR MUNICIPAL

1 GOVERNMENT, "ELIGIBLE ASSESSMENT" MEANS THE DIFFERENCE BETWEEN THE
2 BASE YEAR VALUE AND THE ACTUAL VALUE REDUCED BY THE VALUE OF ANY
3 PROPERTY ENTITLED TO AN EXEMPTION UNDER TITLE 7 OF THIS ARTICLE AS
4 DETERMINED BY THE DEPARTMENT FOR THE APPLICABLE TAXABLE YEAR IN WHICH
5 THE TAX CREDIT UNDER THIS SECTION IS TO BE GRANTED.

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

7 (I) NOT USED FOR RESIDENTIAL PURPOSES;

8 (II) USED IN A MANUFACTURING TRADE OR BUSINESS BY A
9 BUSINESS ENTITY; AND

10 (III) LOCATED IN A MANUFACTURING DEVELOPMENT ZONE THAT
11 IS DESIGNATED UNDER TITLE 5, SUBTITLE 15 OF THE ECONOMIC DEVELOPMENT
12 ARTICLE.

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

16 (C) (1) THE APPROPRIATE GOVERNING BODY SHALL CALCULATE THE
17 AMOUNT OF THE CREDIT UNDER THIS SECTION EQUAL TO 100% OF THE AMOUNT OF
18 PROPERTY TAX IMPOSED ON THE ELIGIBLE ASSESSMENT.

19 (2) FOR PURPOSES OF CALCULATING THE AMOUNT OF THE CREDIT
20 ALLOWED UNDER THIS SECTION, THE AMOUNT OF PROPERTY TAX IMPOSED ON THE
21 ELIGIBLE ASSESSMENT SHALL BE CALCULATED WITHOUT REDUCTION FOR ANY
22 CREDITS ALLOWED UNDER THIS TITLE.

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

27 (2) IF THE DESIGNATION OF A MANUFACTURING DEVELOPMENT ZONE
28 EXPIRES, THE TAX CREDIT UNDER THIS SECTION CONTINUES TO BE AVAILABLE TO A
29 QUALIFIED PROPERTY.

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

1 **(E) WHEN A MANUFACTURING DEVELOPMENT ZONE IS DESIGNATED BY THE**
2 **SECRETARY OF BUSINESS AND ECONOMIC DEVELOPMENT, THE SECRETARY SHALL**
3 **CERTIFY TO THE STATE DEPARTMENT OF ASSESSMENTS AND TAXATION:**

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

7 **(2) THE DATE THAT THE REAL PROPERTIES BECAME QUALIFIED**
8 **PROPERTIES.**

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

12 **(1) THE LOCATION OF EACH QUALIFIED PROPERTY;**

13 **(2) THE AMOUNT OF THE BASE YEAR VALUE FOR EACH QUALIFIED**
14 **PROPERTY; AND**

15 **(3) THE AMOUNT OF THE ELIGIBLE ASSESSMENT FOR EACH**
16 **QUALIFIED PROPERTY.**

17 **9–110.**

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

20 **(2) “BUSINESS ENTITY” MEANS A PERSON THAT OPERATES OR**
21 **CONDUCTS A TRADE OR BUSINESS THAT IS ENGAGED IN MANUFACTURING.**

22 **(3) “QUALIFIED PROPERTY” MEANS PERSONAL PROPERTY THAT IS:**

23 **(I) USED IN A MANUFACTURING TRADE OR BUSINESS BY A**
24 **BUSINESS ENTITY; AND**

25 **(II) PRIMARILY LOCATED ON PROPERTY THAT IS ELIGIBLE FOR**
26 **THE PROPERTY TAX CREDIT UNDER § 9–103.2 OF THIS SUBTITLE.**

27 **(B) THE GOVERNING BODY OF A COUNTY OR MUNICIPAL CORPORATION**
28 **SHALL GRANT A TAX CREDIT AGAINST THE PROPERTY TAX IMPOSED ON QUALIFIED**
29 **PROPERTY.**

1 **(C) (1) A TAX CREDIT UNDER THIS SECTION IS AVAILABLE TO QUALIFIED**
2 **PROPERTY FOR NO MORE THAN 10 CONSECUTIVE YEARS BEGINNING WITH THE**
3 **TAXABLE YEAR FOLLOWING THE CALENDAR YEAR IN WHICH THE PERSONAL**
4 **PROPERTY INITIALLY BECOMES QUALIFIED PROPERTY.**

5 **(2) IF THE DESIGNATION OF A MANUFACTURING DEVELOPMENT ZONE**
6 **EXPIRES, THE TAX CREDIT UNDER THIS SECTION CONTINUES TO BE AVAILABLE TO**
7 **QUALIFIED PROPERTY.**

8 SECTION 3. AND BE IT FURTHER ENACTED, That the Laws of Maryland read
9 as follows:

10 **Article – Tax – General**

11 10–207.

12 (a) To the extent included in federal adjusted gross income, the amounts under
13 this section are subtracted from the federal adjusted gross income of a resident to determine
14 Maryland adjusted gross income.

15 **(C) (1) (I) IN THIS SUBSECTION THE FOLLOWING WORDS HAVE THE**
16 **MEANINGS INDICATED.**

17 **(II) “BUSINESS ENTITY” MEANS AN ENTITY THAT:**

18 1. IS ENGAGED IN A MANUFACTURING TRADE OR
19 BUSINESS;

20 2. OPERATES A MANUFACTURING FACILITY IN A
21 MANUFACTURING DEVELOPMENT ZONE DESIGNATED UNDER § 5–1504 OF THE
22 ECONOMIC DEVELOPMENT ARTICLE; AND

23 3. IS ELIGIBLE FOR THE PROPERTY TAX CREDIT UNDER
24 § 9–103.2 OF THE TAX – PROPERTY ARTICLE FOR THE MANUFACTURING FACILITY.

25 **(III) “QUALIFIED INCOME” MEANS WAGES OR SALARY**
26 **ATTRIBUTABLE TO ACTIVITIES AT A MANUFACTURING FACILITY LOCATED IN A**
27 **MANUFACTURING DEVELOPMENT ZONE.**

28 **(2) THE SUBTRACTION UNDER SUBSECTION (A) OF THIS SECTION**
29 **INCLUDES THE QUALIFIED INCOME OF AN INDIVIDUAL EARNED AS AN EMPLOYEE OF**
30 **A BUSINESS ENTITY THAT IS LOCATED IN A MANUFACTURING DEVELOPMENT ZONE**
31 **AND SATISFIES THE REQUIREMENTS OF § 5–1506 OF THE ECONOMIC DEVELOPMENT**
32 **ARTICLE.**

1 **(3) THE SUBTRACTION UNDER THIS SUBSECTION DOES NOT APPLY TO**
2 **AN INDIVIDUAL WHO DURING THE TAXABLE YEAR HAS MORE THAN \$65,000 OF**
3 **QUALIFIED INCOME EARNED AS AN EMPLOYEE OF A BUSINESS ENTITY.**

4 **10-737.**

5 **(A) (1) IN THIS SECTION THE FOLLOWING WORDS HAVE THE MEANINGS**
6 **INDICATED.**

7 **(2) “BUSINESS ENTITY” MEANS AN ENTITY THAT:**

8 **(I) IS ENGAGED IN A MANUFACTURING TRADE OR BUSINESS;**

9 **(II) OPERATES A MANUFACTURING FACILITY IN A**
10 **MANUFACTURING DEVELOPMENT ZONE DESIGNATED UNDER § 5-1504 OF THE**
11 **ECONOMIC DEVELOPMENT ARTICLE; AND**

12 **(III) IS ELIGIBLE FOR THE PROPERTY TAX CREDIT UNDER §**
13 **9-103.2 OF THE TAX – PROPERTY ARTICLE FOR THE MANUFACTURING FACILITY.**

14 **(3) “QUALIFIED INCOME” MEANS INCOME ATTRIBUTABLE TO**
15 **ACTIVITIES AT A MANUFACTURING FACILITY LOCATED IN A MANUFACTURING**
16 **DEVELOPMENT ZONE.**

17 **(B) A BUSINESS ENTITY THAT IS LOCATED IN A MANUFACTURING**
18 **DEVELOPMENT ZONE AND SATISFIES THE REQUIREMENTS OF § 5-1506 OF THE**
19 **ECONOMIC DEVELOPMENT ARTICLE MAY CLAIM A CREDIT AGAINST THE STATE**
20 **INCOME TAX IN THE AMOUNT OF THE STATE INCOME TAX IMPOSED ON QUALIFIED**
21 **INCOME.**

22 **(C) (1) ANY UNUSED AMOUNT OF THE CREDIT MAY NOT BE CARRIED**
23 **OVER TO ANY OTHER TAXABLE YEAR.**

24 **(2) THE CREDIT ALLOWED UNDER THIS SECTION MAY NOT BE**
25 **CLAIMED FOR MORE THAN 10 CONSECUTIVE YEARS BEGINNING WITH THE TAXABLE**
26 **YEAR FOLLOWING THE CALENDAR YEAR IN WHICH THE BUSINESS ENTITY BECOMES**
27 **ELIGIBLE FOR THE PROPERTY TAX CREDIT UNDER § 9-103.2 OF THE TAX –**
28 **PROPERTY ARTICLE.**

29 SECTION 4. AND BE IT FURTHER ENACTED, That Section 2 of this Act shall be
30 applicable to all taxable years beginning after June 30, 2015.

1 SECTION 5. AND BE IT FURTHER ENACTED, That Section 3 of this Act shall be
2 applicable to all taxable years beginning after December 31, 2015.

3 SECTION 6. AND BE IT FURTHER ENACTED, That, subject to the provisions of
4 Sections 4 and 5 of this Act, this Act shall take effect June 1, 2015.