

# SENATE BILL 386

C8, Q2, Q3

6lr0151  
CF 6lr0168

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By: **The President (By Request – Administration) and Senators Bates, Cassilly, Eckardt, Edwards, Hershey, Mathias, Norman, Salling, Serafini, Simonaire, and Waugh**

Introduced and read first time: January 28, 2016

Assigned to: Budget and Taxation

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## A BILL ENTITLED

1 AN ACT concerning

2 **Tax Credits – Manufacturing Empowerment Zones**

3 FOR the purpose of establishing the Manufacturing Empowerment 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 the Secretary of  
6 Commerce to designate certain areas of the State as manufacturing empowerment  
7 zones; providing that a designation is effective for a certain number of years;  
8 providing that the Secretary may not designate and a county may not receive more  
9 than a certain number of zones during a calendar year; authorizing the Secretary to  
10 expand an existing zone; authorizing the Secretary to grant a certain number of  
11 extraordinary expansions of zones in the State each year; providing that certain  
12 business entities that meet certain conditions are entitled to certain tax incentives  
13 and financial assistance; providing that certain business entities are not eligible for  
14 certain incentives; providing for the length of availability of certain incentives;  
15 requiring the Department of Economic Competitiveness and Commerce and the  
16 Comptroller to jointly assess the effectiveness of certain tax credits; requiring the  
17 Department and Comptroller to submit a certain report; authorizing the governing  
18 body of a county or municipal corporation to grant a property tax credit on a certain  
19 assessment of qualified properties located in the zone; providing for the amount of  
20 the credit; providing that the credit may not be claimed for more than a certain  
21 number of years; requiring the Secretary to make certain certifications; requiring  
22 the State Department of Assessments and Taxation to submit a certain list to the  
23 Secretary; authorizing the governing body of a county or municipal corporation to  
24 grant a property tax credit for certain personal property; providing a subtraction  
25 modification under the Maryland income tax for certain income earned as an  
26 employee of certain business entities; authorizing certain business entities to claim  
27 a credit against the State income tax equal to the amount of State income tax  
28 imposed on certain qualified income; defining certain terms; providing for the

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EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 application of this Act; and generally relating to the creation of the Manufacturing  
2 Empowerment Zone Program.

3 BY repealing and reenacting, with amendments,  
4 Article – Economic Development  
5 Section 5–102(10) and (11)  
6 Annotated Code of Maryland  
7 (2008 Volume and 2015 Supplement)

8 BY adding to  
9 Article – Economic Development  
10 Section 5–102(11); and 5–1501 through 5–1506 to be under the new subtitle “Subtitle  
11 15. Manufacturing Empowerment Zone Program”  
12 Annotated Code of Maryland  
13 (2008 Volume and 2015 Supplement)

14 BY adding to  
15 Article – Tax – Property  
16 Section 9–257 and 9–258  
17 Annotated Code of Maryland  
18 (2012 Replacement Volume and 2015 Supplement)

19 BY repealing and reenacting, without amendments,  
20 Article – Tax – General  
21 Section 10–207(a)  
22 Annotated Code of Maryland  
23 (2010 Replacement Volume and 2015 Supplement)

24 BY adding to  
25 Article – Tax – General  
26 Section 10–207(cc) and 10–737  
27 Annotated Code of Maryland  
28 (2010 Replacement Volume and 2015 Supplement)

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

31 **Article – Economic Development**

32 5–102.

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

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

1           **(11) THE MANUFACTURING EMPOWERMENT ZONE PROGRAM UNDER**  
2 **SUBTITLE 15 OF THIS TITLE; AND**

3           **[(11)] (12)** any other programs or funds designated by statute, the  
4 Governor, or the Secretary.

5           **SUBTITLE 15. MANUFACTURING EMPOWERMENT ZONE PROGRAM.**

6 **5-1501.**

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

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

11           **(C) “BUSINESS ENTITY” MEANS A PERSON THAT OPERATES OR CONDUCTS A**  
12 **TRADE OR BUSINESS THAT IS ENGAGED IN MANUFACTURING.**

13           **(D) “MANUFACTURING EMPOWERMENT ZONE” MEANS AN AREA**  
14 **DESIGNATED AS A MANUFACTURING EMPOWERMENT ZONE BY THE SECRETARY**  
15 **UNDER § 5-1503 OF THIS SUBTITLE.**

16           **(E) “MANUFACTURING” HAS THE MEANING STATED IN § 1-101 OF THE TAX**  
17 **- PROPERTY ARTICLE.**

18           **(F) “POLITICAL SUBDIVISION” MEANS A COUNTY OR MUNICIPAL**  
19 **CORPORATION.**

20 **5-1502.**

21           **THE PURPOSE OF THE MANUFACTURING EMPOWERMENT ZONE PROGRAM IS**  
22 **TO ENCOURAGE BUSINESS ENTITIES ENGAGED IN MANUFACTURING OUTSIDE THE**  
23 **STATE TO INVEST IN MANUFACTURING FACILITIES IN MANUFACTURING**  
24 **EMPOWERMENT ZONES.**

25 **5-1503.**

26           **(A) (1) THE SECRETARY MAY DESIGNATE ONE OR MORE**  
27 **MANUFACTURING EMPOWERMENT ZONES IF THE AREA:**

1                   **(I) IS IN A PRIORITY FUNDING AREA OR MEETS AN EXCEPTION**  
2 **UNDER TITLE 5, SUBTITLE 7B OF THE STATE FINANCE AND PROCUREMENT**  
3 **ARTICLE; AND**

4                   **(II) SATISFIES AT LEAST ONE OF THE REQUIREMENTS**  
5 **SPECIFIED IN PARAGRAPH (2) OF THIS SUBSECTION.**

6                   **(2) AN AREA MAY BE DESIGNATED A MANUFACTURING**  
7 **EMPOWERMENT ZONE IF:**

8                   **(I) THE AVERAGE RATE OF UNEMPLOYMENT IN THE AREA, OR**  
9 **WITHIN A REASONABLE PROXIMITY TO THE AREA BUT IN THE SAME COUNTY, FOR**  
10 **THE MOST RECENT 18-MONTH PERIOD FOR WHICH DATA ARE AVAILABLE IS AT**  
11 **LEAST 150% OF THE GREATER OF THE AVERAGE RATE OF UNEMPLOYMENT IN**  
12 **EITHER THE STATE OR THE UNITED STATES DURING THAT PERIOD;**

13                   **(II) THE POPULATION IN THE AREA, OR WITHIN A REASONABLE**  
14 **PROXIMITY TO THE AREA BUT IN THE SAME COUNTY, QUALIFIES THE AREA AS A**  
15 **LOW-INCOME POVERTY AREA;**

16                   **(III) THE AREA IS COMPOSED OF 10 OR MORE CONTIGUOUS**  
17 **CENSUS TRACTS THAT THE SECRETARY DETERMINES HAVE UNDERGONE A SUDDEN**  
18 **AND SEVERE PERIOD OF ECONOMIC DISTRESS;**

19                   **(IV) THE AREA IS ADJACENT TO A FEDERAL MILITARY**  
20 **INSTALLATION; OR**

21                   **(V) THE AREA IS WITHIN ONE-HALF MILE OF A CURRENT OR**  
22 **PLANNED:**

23                   1. **MARYLAND AREA REGIONAL COMMUTER STATION**  
24 **ALONG THE PENN, CAMDEN, OR BRUNSWICK LINES;**

25                   2. **BALTIMORE METRO SUBWAY STATION;**

26                   3. **BALTIMORE MTA LIGHT RAIL STATION; OR**

27                   4. **METRORAIL SYSTEM STATION IN THE STATE.**

28                   **(3) THE DESIGNATION OF AN AREA AS A MANUFACTURING**  
29 **EMPOWERMENT ZONE IS EFFECTIVE FOR 10 YEARS.**

1           **(4) THE SECRETARY MAY NOT DESIGNATE MORE THAN SIX**  
2 **MANUFACTURING EMPOWERMENT ZONES IN A CALENDAR YEAR.**

3           **(5) A COUNTY MAY NOT RECEIVE MORE THAN TWO MANUFACTURING**  
4 **EMPOWERMENT ZONES IN A CALENDAR YEAR.**

5           **(6) THE SECRETARY MAY ESTABLISH BY REGULATION ANY OTHER**  
6 **REQUIREMENTS NECESSARY AND APPROPRIATE TO CARRY OUT THIS SUBTITLE.**

7           **(7) BEFORE DESIGNATING A MANUFACTURING EMPOWERMENT**  
8 **ZONE, THE SECRETARY SHALL CONSULT WITH THE POLITICAL SUBDIVISION IN**  
9 **WHICH THE MANUFACTURING EMPOWERMENT ZONE IS TO BE LOCATED.**

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

11 **5-1504.**

12           **(A) (1) THE SECRETARY MAY GRANT AN EXPANSION OF A**  
13 **MANUFACTURING EMPOWERMENT ZONE INTO AN AREA.**

14           **(2) FOR PURPOSES OF § 5-1503 OF THIS SUBTITLE, AN EXPANSION OF**  
15 **A MANUFACTURING EMPOWERMENT ZONE THAT DOES NOT EXCEED 50% OF THE**  
16 **GEOGRAPHIC AREA OF THE EXISTING MANUFACTURING EMPOWERMENT ZONE DOES**  
17 **NOT COUNT TOWARD THE LIMIT ON THE NUMBER OF MANUFACTURING**  
18 **EMPOWERMENT 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 EMPOWERMENT 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 § 5-1503 OF THIS SUBTITLE, AN**  
26 **EXTRAORDINARY EXPANSION OF A MANUFACTURING EMPOWERMENT ZONE DOES**  
27 **NOT COUNT TOWARD 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 **5-1505.**

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

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

4 (I) **THE INCOME TAX CREDIT PROVIDED IN § 10-737 OF THE**  
5 **TAX - GENERAL ARTICLE;**

6 (II) **CONSIDERATION BY POLITICAL SUBDIVISIONS FOR THE**  
7 **PROPERTY TAX CREDITS PROVIDED IN §§ 9-257 AND 9-258 OF THE TAX - PROPERTY**  
8 **ARTICLE; AND**

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

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

14 (B) **A BUSINESS ENTITY THAT MOVES INTO OR LOCATES IN A**  
15 **MANUFACTURING EMPOWERMENT ZONE ON OR AFTER THE DATE THAT THE**  
16 **MANUFACTURING EMPOWERMENT ZONE IS DESIGNATED UNDER § 5-1503 OF THIS**  
17 **SUBTITLE MAY BENEFIT FROM THE INCENTIVES UNDER THIS SECTION IF:**

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

20 (2) **THE BUSINESS ENTITY CREATES NEW OR ADDITIONAL JOBS OR**  
21 **MAKES A CAPITAL INVESTMENT TO QUALIFY FOR THE PROPERTY TAX CREDIT**  
22 **AUTHORIZED UNDER § 9-257 OF THE TAX - PROPERTY ARTICLE AND THE INCOME**  
23 **TAX CREDIT UNDER § 10-737 OF THE TAX - GENERAL ARTICLE;**

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

28 (4) **THE BUSINESS ENTITY IS ENGAGED IN A MANUFACTURING TRADE**  
29 **OR BUSINESS ON REAL PROPERTY WITHIN THE MANUFACTURING EMPOWERMENT**  
30 **ZONE THAT THE BUSINESS ENTITY OWNS; AND**

1           **(5) THE SECRETARY DETERMINES THAT THE BUSINESS ENTITY:**

2                   **(I) DOES NOT HAVE AN ECONOMIC PRESENCE IN THE STATE**  
3 **PRIOR TO LOCATING IN THE MANUFACTURING EMPOWERMENT ZONE; AND**

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

5           **(C) THE INCENTIVES PROVIDED FOR IN THIS SECTION ARE NOT AVAILABLE**  
6 **TO A BUSINESS ENTITY THAT WAS LOCATED IN A MANUFACTURING EMPOWERMENT**  
7 **ZONE BEFORE THE DATE THAT THE MANUFACTURING EMPOWERMENT ZONE IS**  
8 **DESIGNATED.**

9           **(D) (1) EXCEPT AS PROVIDED IN §§ 9-257 AND 9-258 OF THE TAX –**  
10 **PROPERTY ARTICLE, THE INCENTIVES SET FORTH IN THIS SECTION ARE AVAILABLE**  
11 **FOR 10 YEARS AFTER THE DATE THAT AN AREA IS DESIGNATED A MANUFACTURING**  
12 **EMPOWERMENT ZONE.**

13                   **(2) A LAW ENACTED AFTER THE ENACTMENT OF THIS SECTION THAT**  
14 **ELIMINATES OR REDUCES THE BENEFITS AVAILABLE TO A BUSINESS ENTITY UNDER**  
15 **THIS SECTION DOES NOT APPLY TO A BUSINESS ENTITY THAT WAS IN A**  
16 **MANUFACTURING EMPOWERMENT ZONE BEFORE THE EFFECTIVE DATE OF THE LAW.**

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

25 **5-1506.**

26           **(A) THE DEPARTMENT AND THE COMPTROLLER JOINTLY SHALL ASSESS**  
27 **EACH YEAR THE EFFECTIVENESS OF THE TAX CREDITS PROVIDED TO BUSINESS**  
28 **ENTITIES IN MANUFACTURING EMPOWERMENT ZONES, INCLUDING:**

29                   **(1) THE NUMBER AND AMOUNTS OF CREDITS GRANTED EACH YEAR;**  
30 **AND**

31                   **(2) THE SUCCESS OF THE TAX CREDITS IN ATTRACTING AND**  
32 **RETAINING BUSINESS ENTITIES IN MANUFACTURING EMPOWERMENT ZONES.**

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

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

9 **Article – Tax – Property**

10 **9-257.**

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

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

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

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

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

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

27 (II) FOR A BUSINESS ENTITY THAT IS LOCATED ON LAND OR  
28 WITHIN IMPROVEMENTS OWNED BY THE FEDERAL GOVERNMENT, THE STATE, A  
29 COUNTY, OR A MUNICIPAL CORPORATION, “ELIGIBLE ASSESSMENT” MEANS THE  
30 DIFFERENCE BETWEEN THE BASE YEAR VALUE AND THE ACTUAL VALUE REDUCED  
31 BY THE VALUE OF ANY PROPERTY ENTITLED TO AN EXEMPTION UNDER TITLE 7 OF  
32 THIS ARTICLE AS DETERMINED BY THE DEPARTMENT FOR THE APPLICABLE  
33 TAXABLE YEAR IN WHICH THE TAX CREDIT UNDER THIS SECTION IS TO BE GRANTED.



1           **(6) “QUALIFIED PROPERTY” MEANS REAL PROPERTY THAT IS:**

2                   **(I) NOT USED FOR RESIDENTIAL PURPOSES;**

3                   **(II) USED IN A MANUFACTURING TRADE OR BUSINESS BY A**  
4 **BUSINESS ENTITY; AND**

5                   **(III) LOCATED IN A MANUFACTURING EMPOWERMENT ZONE**  
6 **THAT IS DESIGNATED UNDER TITLE 5, SUBTITLE 15 OF THE ECONOMIC**  
7 **DEVELOPMENT ARTICLE.**

8           **(B) THE GOVERNING BODY OF A COUNTY OR OF A MUNICIPAL CORPORATION**  
9 **MAY GRANT, BY LAW, A TAX CREDIT UNDER THIS SECTION AGAINST THE COUNTY OR**  
10 **MUNICIPAL CORPORATION PROPERTY TAX IMPOSED ON THE ELIGIBLE ASSESSMENT**  
11 **OF A QUALIFIED PROPERTY.**

12           **(C) (1) IF A TAX CREDIT IS AUTHORIZED UNDER THIS SECTION, THE**  
13 **CREDIT IS AVAILABLE TO A QUALIFIED PROPERTY FOR NO MORE THAN 10**  
14 **CONSECUTIVE YEARS BEGINNING WITH THE TAXABLE YEAR FOLLOWING THE**  
15 **CALENDAR YEAR IN WHICH THE REAL PROPERTY INITIALLY BECOMES A QUALIFIED**  
16 **PROPERTY.**

17                   **(2) IF THE DESIGNATION OF A MANUFACTURING EMPOWERMENT**  
18 **ZONE EXPIRES, A TAX CREDIT AUTHORIZED UNDER THIS SECTION CONTINUES TO BE**  
19 **AVAILABLE TO A QUALIFIED PROPERTY.**

20           **(D) WHEN A MANUFACTURING EMPOWERMENT ZONE IS DESIGNATED BY**  
21 **THE SECRETARY OF COMMERCE, THE SECRETARY SHALL CERTIFY TO THE STATE**  
22 **DEPARTMENT OF ASSESSMENTS AND TAXATION:**

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

26                   **(2) THE DATE THAT THE REAL PROPERTIES BECAME QUALIFIED**  
27 **PROPERTIES.**

28           **(E) BEFORE PROPERTY TAX BILLS ARE SENT, THE STATE DEPARTMENT OF**  
29 **ASSESSMENTS AND TAXATION SHALL SUBMIT TO THE SECRETARY OF COMMERCE A**  
30 **LIST CONTAINING:**

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

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

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

5 **9-258.**

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

8           **(2) "BUSINESS ENTITY" MEANS A PERSON THAT OPERATES OR**  
9 **CONDUCTS A TRADE OR BUSINESS THAT IS ENGAGED IN MANUFACTURING.**

10           **(3) "QUALIFIED PROPERTY" MEANS PERSONAL PROPERTY THAT IS:**

11                   **(I) USED IN A MANUFACTURING TRADE OR BUSINESS BY A**  
12 **BUSINESS ENTITY; AND**

13                   **(II) PRIMARILY LOCATED ON REAL PROPERTY THAT IS ELIGIBLE**  
14 **FOR THE PROPERTY TAX CREDIT UNDER § 9-257 OF THIS SUBTITLE.**

15           **(B) THE GOVERNING BODY OF A COUNTY OR MUNICIPAL CORPORATION MAY**  
16 **GRANT, BY LAW, A TAX CREDIT AGAINST THE COUNTY OR MUNICIPAL CORPORATION**  
17 **PERSONAL PROPERTY TAX IMPOSED ON QUALIFIED PROPERTY.**

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

23           **(2) IF THE DESIGNATION OF A MANUFACTURING EMPOWERMENT**  
24 **ZONE EXPIRES, A TAX CREDIT AUTHORIZED UNDER THIS SECTION CONTINUES TO BE**  
25 **AVAILABLE TO QUALIFIED PROPERTY.**

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

28                                   **Article – Tax – General**

29 10-207.

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

4 (CC) (1) (I) IN THIS SUBSECTION THE FOLLOWING WORDS HAVE THE  
5 MEANINGS INDICATED.

6 (II) "BUSINESS ENTITY" MEANS AN ENTITY THAT:

7 1. IS ENGAGED IN A MANUFACTURING TRADE OR  
8 BUSINESS;

9 2. OPERATES A MANUFACTURING FACILITY IN A  
10 MANUFACTURING EMPOWERMENT ZONE DESIGNATED UNDER § 5-1503 OF THE  
11 ECONOMIC DEVELOPMENT ARTICLE; AND

12 3. IS ELIGIBLE FOR THE PROPERTY TAX CREDIT UNDER  
13 § 9-257 OF THE TAX – PROPERTY ARTICLE FOR THE MANUFACTURING FACILITY.

14 (III) "QUALIFIED INCOME" MEANS WAGES OR SALARY  
15 ATTRIBUTABLE TO ACTIVITIES AT A MANUFACTURING FACILITY LOCATED IN A  
16 MANUFACTURING EMPOWERMENT ZONE.

17 (2) EXCEPT AS PROVIDED IN PARAGRAPH (3) OF THIS SUBSECTION,  
18 THE SUBTRACTION UNDER SUBSECTION (A) OF THIS SECTION INCLUDES THE  
19 QUALIFIED INCOME OF AN INDIVIDUAL EARNED AS AN EMPLOYEE OF A BUSINESS  
20 ENTITY THAT IS LOCATED IN A MANUFACTURING EMPOWERMENT ZONE AND  
21 SATISFIES THE REQUIREMENTS OF § 5-1505 OF THE ECONOMIC DEVELOPMENT  
22 ARTICLE.

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

26 10-737.

27 (A) (1) IN THIS SECTION THE FOLLOWING WORDS HAVE THE MEANINGS  
28 INDICATED.

29 (2) "BUSINESS ENTITY" MEANS AN ENTITY THAT:

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

1                   **(II) OPERATES A MANUFACTURING FACILITY IN A**  
2 **MANUFACTURING EMPOWERMENT ZONE DESIGNATED UNDER § 5-1503 OF THE**  
3 **ECONOMIC DEVELOPMENT ARTICLE; AND**

4                   **(III) IS ELIGIBLE FOR THE PROPERTY TAX CREDIT UNDER §**  
5 **9-257 OF THE TAX – PROPERTY ARTICLE FOR THE MANUFACTURING FACILITY.**

6                   **(3) “QUALIFIED INCOME” MEANS INCOME ATTRIBUTABLE TO**  
7 **ACTIVITIES AT A MANUFACTURING FACILITY LOCATED IN A MANUFACTURING**  
8 **EMPOWERMENT ZONE.**

9                   **(B) A BUSINESS ENTITY THAT IS LOCATED IN A MANUFACTURING**  
10 **EMPOWERMENT ZONE AND SATISFIES THE REQUIREMENTS OF § 5-1505 OF THE**  
11 **ECONOMIC DEVELOPMENT ARTICLE MAY CLAIM A CREDIT AGAINST THE STATE**  
12 **INCOME TAX IN THE AMOUNT OF THE STATE INCOME TAX IMPOSED ON QUALIFIED**  
13 **INCOME.**

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

16                   **(2) THE CREDIT ALLOWED UNDER THIS SECTION MAY NOT BE**  
17 **CLAIMED FOR MORE THAN 10 CONSECUTIVE YEARS BEGINNING WITH THE TAXABLE**  
18 **YEAR FOLLOWING THE CALENDAR YEAR IN WHICH THE BUSINESS ENTITY BECOMES**  
19 **ELIGIBLE FOR THE PROPERTY TAX CREDIT UNDER § 9-257 OF THE TAX – PROPERTY**  
20 **ARTICLE.**

21                   SECTION 4. AND BE IT FURTHER ENACTED, That Section 2 of this Act shall be  
22 applicable to all taxable years beginning after June 30, 2016.

23                   SECTION 5. AND BE IT FURTHER ENACTED, That Section 3 of this Act shall be  
24 applicable to all taxable years beginning after December 31, 2016.

25                   SECTION 6. AND BE IT FURTHER ENACTED, That this Act shall take effect June  
26 1, 2016.