

**SB0226/359635/1**

BY: Budget and Taxation Committee

AMENDMENTS TO SENATE BILL 226  
(First Reading File Bill)

AMENDMENT NO. 1

On page 1, in the sponsor line, strike “and Young” and substitute “Young, DeGrange, and McFadden”; in line 6, after “credit;” insert “altering the definition of “company” to include an entity that becomes duly organized and existing under certain laws and for a certain purpose within a certain time period; providing for the recapture of the credit under certain circumstances;”; and in line 16, strike “10-725(a)(7)” and substitute “10-725(a)(3) and (7) and (f)”.

AMENDMENT NO. 2

On page 1, after line 23, insert:

“(3) (i) 1. “Company” means any entity of any form duly organized and existing under the laws of any jurisdiction for the purpose of conducting business for profit.

2. “COMPANY” INCLUDES AN ENTITY THAT BECOMES DULY ORGANIZED AND EXISTING UNDER THE LAWS OF ANY JURISDICTION FOR THE PURPOSE OF CONDUCTING BUSINESS FOR PROFIT WITHIN 4 MONTHS OF RECEIVING A QUALIFIED INVESTMENT.

(ii) “Company” does not include a sole proprietorship.”.

On page 2, after line 19, insert:

“(f) (1) The credit claimed under this section shall be recaptured as provided in paragraph [(2)](3) of this subsection if within 2 years from the close of the taxable year for which the credit is claimed:

(Over)

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(i) the qualified investor sells, transfers, or otherwise disposes of the ownership interest in the qualified Maryland biotechnology company that gave rise to the credit; or

(ii) the qualified Maryland biotechnology company that gave rise to the credit ceases operating as an active business with its headquarters and base of operations in the State.

**(2) THE CREDIT CLAIMED UNDER THIS SECTION SHALL BE RECAPTURED AS PROVIDED IN PARAGRAPH (3) OF THIS SUBSECTION IF, WITHIN 4 MONTHS OF RECEIVING A QUALIFIED INVESTMENT, A QUALIFIED MARYLAND BIOTECHNOLOGY COMPANY IS NOT DULY ORGANIZED AND EXISTING UNDER THE LAWS OF ANY JURISDICTION FOR THE PURPOSE OF CONDUCTING BUSINESS FOR PROFIT.**

[(2)](3) The amount required to be recaptured under this subsection is the product of multiplying:

(i) the total amount of the credit claimed or, in the case of an event described in paragraph (1)(i) of this subsection, the portion of the credit attributable to the ownership interest disposed of; and

(ii) 1. 100%, if the event requiring recapture of the credit occurs during the taxable year for which the tax credit is claimed;

2. 67%, if the event requiring recapture of the credit occurs during the first year after the close of the taxable year for which the tax credit is claimed; or

3. 33%, if the event requiring recapture of the credit occurs more than 1 year but not more than 2 years after the close of the taxable year for which the tax credit is claimed.

[(3)](4) The qualified investor that claimed the credit shall pay the amount to be recaptured as determined under paragraph [(2)](3) of this subsection as

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taxes payable to the State for the taxable year in which the event requiring recapture of the credit occurs.”.