

HOUSE BILL 1202

Q3, Q1, R2

9lr1800

By: **Delegates Lehman, Valentino-Smith, Pena-Melnyk, B. Barnes, Fennell,
Healey, Malone, Proctor, and Washington**

Introduced and read first time: February 8, 2019

Assigned to: Ways and Means

A BILL ENTITLED

1 AN ACT concerning

2 **State Income and Property Tax Credits – Privately Operated Mass**
3 **Transportation Project**

4 FOR the purpose of allowing certain qualified businesses impacted by the construction of a
5 privately operated mass transportation project a credit against the State income tax
6 and State property tax; requiring the Department of Transportation, in consultation
7 with the Comptroller, to determine the eligible amount of the income tax credit for
8 each qualified business; requiring the Department to provide certain businesses with
9 certain applications; making the income tax credit refundable; requiring the
10 Department to adopt regulations to administer the income tax credit; requiring a
11 person that constructs a privately operated mass transportation project in the State
12 to file a certain plan with certain county governments; requiring the Department to
13 certify a business entity as a qualified business if the business entity can establish a
14 loss of business income at a property in the area impacted by the construction of a
15 privately operated mass transportation project; requiring the Department to
16 determine the date on which the certification as a qualified business entity will
17 expire; defining certain terms; providing for the application of this Act; and generally
18 relating to privately operated mass transportation projects.

19 BY adding to

20 Article – Tax – General

21 Section 10–749

22 Annotated Code of Maryland

23 (2016 Replacement Volume and 2018 Supplement)

24 BY adding to

25 Article – Transportation

26 Section 7–711

27 Annotated Code of Maryland

28 (2015 Replacement Volume and 2018 Supplement)

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 BY adding to
2 Article – Tax – Property
3 Section 9–112
4 Annotated Code of Maryland
5 (2012 Replacement Volume and 2018 Supplement)

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

8 **Article – Tax – General**

9 **10–749.**

10 (A) IN THIS SECTION, “PRIVATELY OPERATED MASS TRANSPORTATION
11 PROJECT” AND “QUALIFIED BUSINESS” HAVE THE MEANINGS STATED IN § 9–112 OF
12 THE TAX – PROPERTY ARTICLE.

13 (B) SUBJECT TO THE LIMITATIONS OF THIS SECTION, A QUALIFIED
14 BUSINESS MAY CLAIM A CREDIT AGAINST THE STATE INCOME TAX FOR THE AMOUNT
15 OF BUSINESS INCOME THAT IS LOST DURING THE TAXABLE YEAR AS A RESULT OF
16 THE CONSTRUCTION OF A PRIVATELY OPERATED MASS TRANSPORTATION PROJECT.

17 (C) FOR EACH QUALIFIED BUSINESS, THE DEPARTMENT OF
18 TRANSPORTATION, IN CONSULTATION WITH THE COMPTROLLER, SHALL
19 DETERMINE THE AMOUNT OF BUSINESS INCOME ELIGIBLE FOR THE CREDIT UNDER
20 SUBSECTION (B) OF THIS SECTION.

21 (D) (1) EACH YEAR THE DEPARTMENT OF TRANSPORTATION SHALL
22 PROVIDE A QUALIFIED BUSINESS WITH AN APPLICATION TO SUBSTANTIATE THE
23 AMOUNT OF BUSINESS INCOME LOST DURING THE TAXABLE YEAR AS A RESULT OF
24 THE CONSTRUCTION OF A PRIVATELY OPERATED MASS TRANSPORTATION PROJECT.

25 (2) THE APPLICATION SHALL IDENTIFY THE DOCUMENTATION
26 NECESSARY TO SUBSTANTIATE THE AMOUNT OF LOST BUSINESS INCOME.

27 (3) ON OR BEFORE DECEMBER 31 EACH YEAR, THE DEPARTMENT OF
28 TRANSPORTATION SHALL PROVIDE CERTIFICATION TO A QUALIFIED BUSINESS OF
29 THE AMOUNT OF BUSINESS INCOME LOST DURING THE TAXABLE YEAR AS A RESULT
30 OF THE CONSTRUCTION OF A PRIVATELY OPERATED MASS TRANSPORTATION
31 PROJECT.

32 (E) IF THE TAX CREDIT ALLOWED UNDER THIS SECTION IN ANY TAXABLE
33 YEAR EXCEEDS THE TOTAL TAX OTHERWISE PAYABLE BY THE QUALIFIED BUSINESS

1 FOR THAT TAXABLE YEAR, THE QUALIFIED BUSINESS MAY CLAIM A REFUND IN THE
2 AMOUNT OF THE EXCESS.

3 (F) THE DEPARTMENT OF TRANSPORTATION SHALL ADOPT REGULATIONS
4 TO CARRY OUT THE PROVISIONS OF THIS SECTION.

5 Article – Transportation

6 7-711.

7 (A) IN THIS SECTION, “PRIVATELY OPERATED MASS TRANSPORTATION
8 PROJECT” HAS THE MEANING STATED IN § 9-112 OF THE TAX – PROPERTY ARTICLE.

9 (B) A PERSON THAT CONSTRUCTS A PRIVATELY OPERATED MASS
10 TRANSPORTATION PROJECT IN THE STATE SHALL FILE WITH THE COUNTY
11 GOVERNMENT OF ANY COUNTY IMPACTED BY THE CONSTRUCTION A PLAN TO
12 ADDRESS THE ECONOMIC HARDSHIP ENCOUNTERED BY BUSINESSES ALONG THE
13 CONSTRUCTION ROUTE.

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

16 Article – Tax – Property

17 9-112.

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

20 (2) “IMPACTED AREA” MEANS AN AREA DESIGNATED BY THE
21 DEPARTMENT OF TRANSPORTATION AS BEING IMPACTED BY THE CONSTRUCTION
22 OF A PRIVATELY OPERATED MASS TRANSPORTATION PROJECT.

23 (3) “PRIVATELY OPERATED MASS TRANSPORTATION PROJECT”
24 INCLUDES A HIGH-SPEED SUPERCONDUCTING MAGNETIC LEVITATION SYSTEM
25 BETWEEN WASHINGTON, D.C. AND BALTIMORE.

26 (4) “QUALIFIED BUSINESS” MEANS A BUSINESS THAT IS CERTIFIED
27 UNDER SUBSECTION (C) OF THIS SECTION AND IS IMPACTED BY THE CONSTRUCTION
28 OF A PRIVATELY OPERATED MASS TRANSPORTATION PROJECT.

29 (B) SUBJECT TO THE PROVISIONS OF THIS SECTION, THE STATE SHALL
30 GRANT A PROPERTY TAX CREDIT AGAINST THE STATE PROPERTY TAX IMPOSED ON
31 REAL PROPERTY THAT IS LOCATED IN AN IMPACTED AREA AND OWNED BY A

1 **QUALIFIED BUSINESS.**

2 **(C) (1) THE DEPARTMENT OF TRANSPORTATION SHALL CERTIFY AS A**
3 **QUALIFIED BUSINESS A BUSINESS ENTITY THAT MEETS THE REQUIREMENTS OF THIS**
4 **SECTION AND REGULATIONS ADOPTED BY THE DEPARTMENT OF TRANSPORTATION.**

5 **(2) A BUSINESS ENTITY IS ELIGIBLE TO BE CERTIFIED AS A**
6 **QUALIFIED BUSINESS IF THE BUSINESS ENTITY CAN ESTABLISH A LOSS OF BUSINESS**
7 **INCOME AT A PROPERTY LOCATED IN THE IMPACTED AREA THAT IS THE DIRECT**
8 **RESULT OF CONSTRUCTION OF A PRIVATELY OPERATED MASS TRANSPORTATION**
9 **PROJECT.**

10 **(3) (I) THE DEPARTMENT OF TRANSPORTATION SHALL PROVIDE**
11 **BUSINESS ENTITIES IN THE IMPACTED AREA WITH AN APPLICATION FOR**
12 **CERTIFICATION AS A QUALIFIED BUSINESS.**

13 **(II) THE APPLICATION SHALL IDENTIFY THE DOCUMENTATION**
14 **NECESSARY TO ESTABLISH THE LOSS OF BUSINESS INCOME NECESSARY FOR A**
15 **BUSINESS ENTITY TO BE CERTIFIED AS A QUALIFIED BUSINESS.**

16 **(D) FOR EACH BUSINESS ENTITY CERTIFIED AS A QUALIFIED BUSINESS**
17 **UNDER SUBSECTION (C) OF THIS SECTION, THE DEPARTMENT OF TRANSPORTATION**
18 **SHALL DETERMINE THE DATE ON WHICH THE CERTIFICATION WILL EXPIRE.**

19 SECTION 3. AND BE IT FURTHER ENACTED, That Section 1 of this Act shall be
20 applicable to all taxable years beginning after December 31, 2018.

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, 2019.

23 SECTION 5. AND BE IT FURTHER ENACTED, That this Act shall take effect June
24 1, 2019.