

HOUSE BILL 394

C8, Q3, Q1

7lr0195
CF SB 317

By: **The Speaker (By Request – Administration) and Delegates Adams, Afzali, Anderton, Arentz, Aumann, Beitzel, Buckel, Carozza, Cassilly, Ciliberti, Clark, Cluster, Flanagan, Folden, Ghrist, Grammer, Hornberger, S. Howard, Jacobs, Kipke, Kittleman, Krebs, Long, Malone, Mautz, McComas, McConkey, McKay, Metzgar, Miele, Morgan, Otto, Reilly, Rey, Rose, Shoemaker, Simonaire, Szeliga, Vogt, West, and B. Wilson**

Introduced and read first time: January 26, 2017

Assigned to: Ways and Means

A BILL ENTITLED

1 AN ACT concerning

2 **More Jobs for Marylanders Act of 2017**

3 FOR the purpose of establishing the More Jobs for Marylanders Program within the
4 Department of Commerce to provide certain manufacturing business entities tax
5 credits and benefits for a certain number of years; providing that certain business
6 entities receiving tax credits under certain programs are not eligible to receive the
7 credits or benefits under the Program; requiring the Department to administer the
8 Program; authorizing certain types of businesses to receive certain credits and
9 benefits under the Program; providing for the termination of certain business
10 entities from the Program under certain circumstances; authorizing the Secretary of
11 the Department to establish any regulation necessary to implement the Program;
12 requiring the Department to report to the General Assembly on or before a certain
13 date; providing that certain business entities certified under the Program are not
14 required to pay certain fees; allowing a credit against the State income tax for certain
15 income of business entities certified under the Program; authorizing an exemption
16 from the State sales and use tax for certain costs of certain business entities certified
17 under the Program; providing a credit against the State property tax for certain
18 business entities certified under the Program; providing an exemption for certain
19 property of a manufacturing entity from a certain limitation on the applicability of
20 certain Maryland income tax modifications for certain deductions for the cost of
21 business property placed in service that is treated as an expense for federal income
22 tax purposes; providing an exemption for certain property of a manufacturing entity
23 from a certain limitation on the applicability of certain Maryland income tax
24 modifications for a certain additional depreciation allowance under the federal
25 income tax for business property placed in service; defining certain terms; providing

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



for the application of this Act; and generally relating to certain tax credits, exemptions, and other benefits for certain manufacturing businesses.

BY repealing and reenacting, without amendments,

Article – Economic Development

Section 1–101(a), (b), (e), and (f)

Annotated Code of Maryland

(2008 Volume and 2016 Supplement)

BY adding to

Article – Economic Development

Section 6–801 through 6–809 to be under the new subtitle “Subtitle 8. More Jobs for Marylanders Program”

Annotated Code of Maryland

(2008 Volume and 2016 Supplement)

BY repealing and reenacting, with amendments,

Article – Corporations and Associations

Section 1–203.1

Annotated Code of Maryland

(2014 Replacement Volume and 2016 Supplement)

BY repealing and reenacting, with amendments,

Article – Tax – General

Section 10–210.1(a) and (b)(1) and (3)

Annotated Code of Maryland

(2016 Replacement Volume)

BY adding to

Article – Tax – General

Section 10–741 and 11–233

Annotated Code of Maryland

(2016 Replacement Volume)

BY adding to

Article – Tax – Property

Section 9–110

Annotated Code of Maryland

(2012 Replacement Volume and 2016 Supplement)

SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND,

That the Laws of Maryland read as follows:

Article – Economic Development

1–101.

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

(b) “County” means a county of the State or Baltimore City.

(e) (1) “Qualified distressed county” means a county with:

(i) an average rate of unemployment for the most recent 24-month period for which data are available that exceeds 150% of the average rate of unemployment for the State during that period; or

(ii) an average per capita personal income for the most recent 24-month period for which data are available that is equal to or less than 67% of the average per capita personal income for the State during that period.

(2) “Qualified distressed county” includes a county that:

(i) no longer meets either criterion stated in paragraph (1) of this subsection; but

(ii) has met at least one of the criteria at some time during the preceding 24-month period.

(f) “Secretary” means the Secretary of Commerce.

SUBTITLE 8. MORE JOBS FOR MARYLANDERS PROGRAM.

6–801.

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

(B) “BENEFIT YEAR” MEANS A TAXABLE YEAR IN WHICH A QUALIFIED BUSINESS ENTITY CLAIMS A PROGRAM BENEFIT ESTABLISHED UNDER § 6–805 OF THIS SUBTITLE.

(C) (1) “BUSINESS ENTITY” MEANS A PERSON CONDUCTING OR OPERATING A TRADE OR BUSINESS THAT IS PRIMARILY ENGAGED IN ACTIVITIES THAT, IN ACCORDANCE WITH THE NORTH AMERICAN INDUSTRIAL CLASSIFICATION SYSTEM (NAICS), UNITED STATES MANUAL, UNITED STATES OFFICE OF MANAGEMENT AND BUDGET, 2012 EDITION, WOULD BE INCLUDED IN SECTOR 31, 32, OR 33.

(2) “BUSINESS ENTITY” DOES NOT INCLUDE A REFINER, AS DEFINED IN 10–101 OF THE BUSINESS REGULATION ARTICLE.

(D) "ELIGIBLE PROJECT" MEANS A FACILITY OPERATED BY A BUSINESS ENTITY IN A QUALIFIED DISTRESSED COUNTY.

(E) "EXISTING BUSINESS ENTITY" MEANS A BUSINESS ENTITY THAT IS LOCATED IN THE STATE AT THE TIME IT NOTIFIES THE DEPARTMENT UNDER § 6-803(C) OF THIS SUBTITLE.

(F) "NEW BUSINESS ENTITY" MEANS A BUSINESS ENTITY THAT IS NOT LOCATED IN THE STATE AT THE TIME IT NOTIFIES THE DEPARTMENT UNDER § 6-803(B) OF THIS SUBTITLE.

(G) "PROGRAM" MEANS THE MORE JOBS FOR MARYLANDERS PROGRAM ESTABLISHED UNDER THIS SUBTITLE.

(H) "QUALIFIED BUSINESS ENTITY" MEANS A NEW BUSINESS ENTITY OR AN EXISTING BUSINESS ENTITY OPERATING AN ELIGIBLE PROJECT UNDER THIS SUBTITLE.

(I) "QUALIFIED INCOME" MEANS A QUALIFIED BUSINESS ENTITY'S INCOME ATTRIBUTABLE TO ACTIVITIES AT AN ELIGIBLE PROJECT.

(J) (1) "QUALIFIED POSITION" MEANS A POSITION THAT:

(I) IS FULL-TIME AND OF INDEFINITE DURATION;

(II) PAYS AT LEAST 150% OF THE FEDERAL MINIMUM WAGE;

(III) IS LOCATED IN A FACILITY;

(IV) IS NEWLY CREATED AT A SINGLE FACILITY IN THE STATE;

AND

(V) IS FILLED.

(2) "QUALIFIED POSITION" DOES NOT INCLUDE A POSITION THAT IS:

(I) CREATED WHEN AN EMPLOYMENT FUNCTION IS SHIFTED FROM AN EXISTING FACILITY OF A BUSINESS ENTITY IN THE STATE TO ANOTHER FACILITY OF THE SAME BUSINESS ENTITY IF THE POSITION IS NOT A NET NEW JOB IN THE STATE;

(II) CREATED THROUGH A CHANGE IN OWNERSHIP OF A TRADE OR BUSINESS;

(III) CREATED THROUGH A CONSOLIDATION, MERGER, OR RESTRUCTURING OF A BUSINESS ENTITY IF THE POSITION IS NOT A NET NEW JOB IN THE STATE;

(IV) CREATED WHEN AN EMPLOYMENT FUNCTION IS CONTRACTUALLY SHIFTED FROM AN EXISTING BUSINESS ENTITY TO ANOTHER BUSINESS ENTITY IN THE STATE IF THE POSITION IS NOT A NET NEW JOB IN THE STATE; OR

(V) FILLED FOR A PERIOD OF LESS THAN 12 MONTHS.

6-802.

(A) THERE IS A MORE JOBS FOR MARYLANDERS PROGRAM IN THE DEPARTMENT.

(B) A BUSINESS ENTITY THAT IS RECEIVING BENEFITS UNDER THE ONE MARYLAND TAX CREDIT PROGRAM, THE JOB CREATION TAX CREDIT PROGRAM, THE ENTERPRISE ZONE PROGRAM, OR ANY OTHER JOBS-BASED TAX BENEFIT PROGRAM ADMINISTERED BY THE DEPARTMENT, IS NOT ELIGIBLE TO SIMULTANEOUSLY RECEIVE BENEFITS UNDER THE PROGRAM.

6-803.

(A) A BUSINESS ENTITY MAY APPLY TO THE DEPARTMENT TO ENROLL AN ELIGIBLE PROJECT IN THE PROGRAM.

(B) (1) A NEW BUSINESS ENTITY MAY NOT BE CERTIFIED AS A QUALIFIED BUSINESS ENTITY UNLESS THE NEW BUSINESS ENTITY NOTIFIES THE DEPARTMENT OF ITS INTENT TO SEEK DESIGNATION OF AN ELIGIBLE PROJECT BEFORE ESTABLISHING ITS FACILITY IN THE STATE.

(2) THE DEPARTMENT MAY CERTIFY A NEW BUSINESS ENTITY AS A QUALIFIED BUSINESS ENTITY AFTER THE NEW BUSINESS ENTITY PROVIDES THE REQUIRED NOTICE UNDER PARAGRAPH (1) OF THIS SUBSECTION, APPLIES TO THE DEPARTMENT UNDER PARAGRAPH (3) OF THIS SUBSECTION, AND ESTABLISHES AND OPERATES A FACILITY IN A QUALIFIED DISTRESSED COUNTY.

(3) A NEW BUSINESS ENTITY SHALL SUBMIT TO THE DEPARTMENT AN APPLICATION CONTAINING AT LEAST THE FOLLOWING INFORMATION:

(I) THE ANTICIPATED DATE OF THE ESTABLISHMENT AND INITIAL OPERATION OF THE FACILITY AND THE NATURE OF ITS OPERATIONS;

(II) THE EXPECTED LOCATION OF THE FACILITY;

(III) THE ESTIMATED NUMBER, PAYROLL, AND TYPE OF EMPLOYEES TO BE HIRED AT THE FACILITY; AND

(IV) ANY OTHER INFORMATION THE DEPARTMENT REQUIRES.

(C) (1) AN EXISTING BUSINESS ENTITY MAY APPLY TO BE CERTIFIED AS A QUALIFIED BUSINESS ENTITY IF THE EXISTING BUSINESS ENTITY INCREASES THE NUMBER OF QUALIFIED POSITIONS AT A FACILITY LOCATED IN A QUALIFIED DISTRESSED COUNTY.

(2) AN EXISTING BUSINESS ENTITY MAY NOT BE CERTIFIED AS A QUALIFIED BUSINESS ENTITY UNLESS THE BUSINESS ENTITY NOTIFIES THE DEPARTMENT OF ITS INTENT TO SEEK DESIGNATION OF AN ELIGIBLE PROJECT PRIOR TO HIRING ANY EMPLOYEES TO FILL THE QUALIFIED POSITIONS NECESSARY TO MEET THE REQUIREMENTS OF THIS SUBTITLE.

(3) AN EXISTING BUSINESS ENTITY SHALL SUBMIT AN APPLICATION TO THE DEPARTMENT CONTAINING AT LEAST THE FOLLOWING INFORMATION:

(I) THE NUMBER OF FULL-TIME EMPLOYEES EXISTING BEFORE THE EXPANSION AND THE PAYROLL OF THE EXISTING EMPLOYEES;

(II) THE ESTIMATED NUMBER OF QUALIFIED POSITIONS TO BE CREATED AND QUALIFIED EMPLOYEES TO BE HIRED AND THE ANTICIPATED PAYROLL OF THE NEW QUALIFIED EMPLOYEES; AND

(III) ANY OTHER INFORMATION THAT THE DEPARTMENT REQUIRES.

(4) A BUSINESS ENTITY MUST BEGIN HIRING THE EMPLOYEES TO FILL THE QUALIFIED POSITIONS NECESSARY TO MEET THE REQUIREMENTS OF THIS SUBTITLE WITHIN 12 MONTHS AFTER IT NOTIFIES THE DEPARTMENT OF ITS INTENT TO SEEK DESIGNATION OF AN ELIGIBLE PROJECT.

1 **(A) THE PROGRAM BENEFITS AUTHORIZED UNDER THIS SECTION MAY BE**
2 **CLAIMED BY A QUALIFIED BUSINESS ENTITY FOR UP TO 10 CONSECUTIVE BENEFIT**
3 **YEARS.**

4 **(B) SUBJECT TO SUBSECTION (D) OF THIS SECTION, ON ENROLLMENT IN**
5 **THE PROGRAM, A NEW BUSINESS ENTITY IS ELIGIBLE FOR:**

6 **(1) A CREDIT AGAINST THE STATE INCOME TAX, ESTABLISHED UNDER**
7 **§ 10-741(B) OF THE TAX – GENERAL ARTICLE;**

8 **(2) A CREDIT AGAINST THE STATE PROPERTY TAX, ESTABLISHED**
9 **UNDER § 9-110 OF THE TAX – PROPERTY ARTICLE;**

10 **(3) AN EXEMPTION FROM THE SALES AND USE TAX, ESTABLISHED**
11 **UNDER § 11-233 OF THE TAX – GENERAL ARTICLE; AND**

12 **(4) A WAIVER OF FEES CHARGED BY THE STATE DEPARTMENT OF**
13 **ASSESSMENTS AND TAXATION, ESTABLISHED UNDER § 1-203.1 OF THE**
14 **CORPORATIONS AND ASSOCIATIONS ARTICLE.**

15 **(C) SUBJECT TO SUBSECTION (D) OF THIS SECTION, ON ENROLLMENT IN**
16 **THE PROGRAM, AN EXISTING BUSINESS ENTITY IS ELIGIBLE FOR A CREDIT AGAINST**
17 **THE STATE INCOME TAX, ESTABLISHED UNDER § 10-741(C) OF THE TAX – GENERAL**
18 **ARTICLE.**

19 **(D) IF THE NUMBER OF QUALIFIED POSITIONS AT THE ELIGIBLE PROJECT**
20 **DECREASES TO A NUMBER EQUAL TO OR LESS THAN THE NUMBER ESTABLISHED IN**
21 **THE FIRST BENEFIT YEAR, THE PROJECT SHALL BE REMOVED FROM THE PROGRAM**
22 **AND ALL PROGRAM BENEFITS TERMINATE.**

23 **6-805.**

24 **THE DEPARTMENT SHALL PROVIDE TO A QUALIFIED BUSINESS ENTITY A**
25 **CERTIFICATE THAT:**

26 **(1) CERTIFIES THE ELIGIBLE PROJECT THAT IS ENROLLED IN THE**
27 **PROGRAM;**

28 **(2) CERTIFIES THE PROGRAM BENEFITS THE QUALIFIED BUSINESS**
29 **ENTITY MAY CLAIM;**

30 **(3) PROVIDES THE DURATION OF THE CERTIFICATION; AND**

(4) PROVIDES ANY ADDITIONAL INFORMATION NECESSARY FOR THE
COMPTROLLER AND DEPARTMENT TO ADMINISTER THE PROGRAM.

6-806.

(A) THE DEPARTMENT MAY REVOKE ITS CERTIFICATION UNDER THIS
SUBTITLE, IN WHOLE OR IN PART, IF ANY REPRESENTATION MADE BY A QUALIFIED
BUSINESS ENTITY IS DETERMINED BY THE DEPARTMENT TO HAVE BEEN FALSE
WHEN MADE.

(B) IF THE DEPARTMENT REVOKES ITS CERTIFICATION AS PROVIDED
UNDER SUBSECTION (A) OF THIS SECTION, THE COMPTROLLER MAY MAKE AN
ASSESSMENT AGAINST THE QUALIFIED BUSINESS ENTITY TO RECAPTURE ANY
AMOUNT OF A TAX CREDIT, AN EXEMPTION, OR ANY OTHER BENEFIT THAT THE
QUALIFIED BUSINESS ENTITY HAS RECEIVED.

6-807.

(A) THE DEPARTMENT MAY REQUIRE THAT ANY INFORMATION PROVIDED
UNDER THIS SUBTITLE BE VERIFIED BY AN INDEPENDENT CERTIFIED PUBLIC
ACCOUNTANT THAT THE QUALIFIED BUSINESS ENTITY AND THE DEPARTMENT
SELECT.

(B) (1) ACCEPTANCE BY A QUALIFIED BUSINESS ENTITY OF THE
PROGRAM BENEFITS UNDER THIS SUBTITLE SHALL BE DEEMED TO AUTHORIZE THE
COMPTROLLER TO SHARE WITH THE DEPARTMENT ANY INFORMATION RECEIVED
FROM A QUALIFIED BUSINESS ENTITY ABOUT ELIGIBILITY FOR A BENEFIT ALLOWED
UNDER THIS SUBTITLE.

(2) INFORMATION THAT IS RECEIVED BY THE DEPARTMENT OR
COMPTROLLER UNDER PARAGRAPH (1) OF THIS SUBSECTION IS SUBJECT TO
CONFIDENTIALITY REQUIREMENTS ESTABLISHED BY LAW.

6-808.

THE SECRETARY MAY ESTABLISH ANY REGULATION NECESSARY AND
APPROPRIATE TO CARRY OUT THIS SUBTITLE.

6-809.

ON OR BEFORE DECEMBER 1 EACH YEAR, THE DEPARTMENT SHALL REPORT
TO THE GENERAL ASSEMBLY, IN ACCORDANCE WITH § 2-1246 OF THE STATE

**GOVERNMENT ARTICLE, ON THE QUALIFIED BUSINESS ENTITIES RECEIVING FINAL
CERTIFICATION IN THE PRECEDING FISCAL YEAR.**

Article – Corporations and Associations

1–203.1.

(A) With the exception of the recording fee to be paid when the Department accepts articles of incorporation for record, a volunteer fire company or volunteer rescue squad incorporated in this State is not subject to any of the recording, filing, or special fees enumerated in § 1–203 of this subtitle.

(B) A QUALIFIED BUSINESS ENTITY THAT IS A NEW BUSINESS ENTITY, AS DEFINED UNDER THE MORE JOBS FOR MARYLANDERS PROGRAM ESTABLISHED UNDER TITLE 6, SUBTITLE 8 OF THE ECONOMIC DEVELOPMENT ARTICLE, IS NOT SUBJECT TO THE FEES ENUMERATED IN § 1–203 OF THIS SUBTITLE.

Article – Tax – General

10–741.

(A) (1) IN THIS SECTION THE FOLLOWING WORDS HAVE THE MEANING INDICATED.

(2) “BUSINESS ENTITY” HAS THE MEANING STATED IN § 6–801 OF THE ECONOMIC DEVELOPMENT ARTICLE.

(3) “ELIGIBLE PROJECT” HAS THE MEANING STATED IN § 6–801 OF THE ECONOMIC DEVELOPMENT ARTICLE.

(4) “EXISTING BUSINESS ENTITY” HAS THE MEANING STATED IN § 6–801 OF THE ECONOMIC DEVELOPMENT ARTICLE.

(5) “NEW BUSINESS ENTITY” HAS THE MEANING STATED IN § 6–801 OF THE ECONOMIC DEVELOPMENT ARTICLE.

(6) “QUALIFIED BUSINESS ENTITY” HAS THE MEANING STATED IN § 6–801 OF THE ECONOMIC DEVELOPMENT ARTICLE.

(7) “QUALIFIED DISTRESSED COUNTY” HAS THE MEANING STATED IN § 1–101(E) OF THE ECONOMIC DEVELOPMENT ARTICLE.

(8) “QUALIFIED INCOME” HAS THE MEANING STATED IN § 6–801 OF THE ECONOMIC DEVELOPMENT ARTICLE.

1 **(9) “QUALIFIED POSITION” HAS THE MEANING STATED IN § 6–801 OF**
2 **THE ECONOMIC DEVELOPMENT ARTICLE.**

3 **(B) AN INDIVIDUAL OR CORPORATION THAT IS A NEW BUSINESS ENTITY AND**
4 **A QUALIFIED BUSINESS ENTITY MAY CLAIM A CREDIT AGAINST THE STATE INCOME**
5 **TAX APPLICABLE TO ALL QUALIFIED INCOME OF THE ENTITY DURING THE TAXABLE**
6 **YEAR.**

7 **(C) (1) AN INDIVIDUAL OR CORPORATION THAT IS AN EXISTING BUSINESS**
8 **ENTITY AND A QUALIFIED BUSINESS ENTITY MAY CLAIM A CREDIT AGAINST THE**
9 **STATE INCOME TAX EQUAL TO THE AMOUNT PROVIDED UNDER PARAGRAPH (3) OF**
10 **THIS SUBSECTION.**

11 **(2) THE AMOUNT OF THE CREDIT AUTHORIZED UNDER PARAGRAPH**
12 **(1) OF THIS SUBSECTION IS EQUAL TO THE PRODUCT OF:**

13 **(I) THE STATE EMPLOYER WITHHOLDING AMOUNT, WHICH IS**
14 **EQUAL TO THE HIGHEST TAX RATE LISTED IN § 10–105(A) OF THIS TITLE; AND**

15 **(II) THE TOTAL AMOUNT OF WAGES PAID FOR EACH QUALIFIED**
16 **POSITION AT AN ELIGIBLE PROJECT.**

17 **(3) FOR ANY TAXABLE YEAR, THE CREDIT UNDER THIS PARAGRAPH**
18 **MAY NOT EXCEED THE AMOUNT OF QUALIFIED INCOME OF THE ENTITY.**

19 **(D) (1) THE UNUSED AMOUNT OF A CREDIT AUTHORIZED UNDER THIS**
20 **SECTION MAY NOT BE CARRIED OVER TO ANY OTHER TAXABLE YEAR.**

21 **(2) IF THE CREDIT ALLOWED UNDER THIS SECTION IN ANY TAXABLE**
22 **YEAR EXCEEDS THE STATE INCOME TAX FOR THAT TAXABLE YEAR, AN INDIVIDUAL**
23 **OR A CORPORATION MAY CLAIM A REFUND IN THE AMOUNT OF THE EXCESS.**

24 **11–233.**

25 **(A) (1) IN THIS SECTION THE FOLLOWING WORDS HAVE THE MEANINGS**
26 **INDICATED.**

27 **(2) “BUSINESS ENTITY” HAS THE MEANING STATED IN § 6–801 OF THE**
28 **ECONOMIC DEVELOPMENT ARTICLE.**

29 **(3) “ELIGIBLE PROJECT” HAS THE MEANING STATED IN § 6–801 OF**
30 **THE ECONOMIC DEVELOPMENT ARTICLE.**

(4) "NEW BUSINESS ENTITY" HAS THE MEANING STATED IN § 6-801 OF THE ECONOMIC DEVELOPMENT ARTICLE.

(5) "PROGRAM" MEANS THE MORE JOBS FOR MARYLANDERS PROGRAM ESTABLISHED UNDER TITLE 6, SUBTITLE 8 OF THE ECONOMIC DEVELOPMENT ARTICLE.

(6) "QUALIFIED BUSINESS ENTITY" MEANS A NEW BUSINESS ENTITY OPERATING AN ELIGIBLE PROJECT UNDER TITLE 6, SUBTITLE 8 OF THE ECONOMIC DEVELOPMENT ARTICLE.

(7) "QUALIFIED PERSONAL PROPERTY OR SERVICES" MEANS PERSONAL PROPERTY OR SERVICES PURCHASED FOR USE AT AN ELIGIBLE PROJECT BY A QUALIFIED BUSINESS ENTITY THAT IS ENROLLED IN THE PROGRAM.

(B) THE SALES AND USE TAX DOES NOT APPLY TO A SALE OF QUALIFIED PERSONAL PROPERTY OR SERVICES IF:

(1) THE QUALIFIED PERSONAL PROPERTY OR SERVICES ARE PURCHASED BY THE QUALIFIED BUSINESS ENTITY SOLELY FOR USE AT AN ELIGIBLE PROJECT WHILE THE PROJECT IS ENROLLED IN THE PROGRAM; AND

(2) THE QUALIFIED BUSINESS ENTITY PROVIDES THE VENDOR WITH A CERTIFICATE OF EXEMPTION ISSUED BY THE COMPTROLLER IN THE SAME CALENDAR YEAR IN WHICH THE EXEMPTION IS SOUGHT.

(C) (1) EACH YEAR, THE DEPARTMENT OF COMMERCE SHALL PROVIDE A LIST TO THE COMPTROLLER OF QUALIFIED BUSINESS ENTITIES THAT ARE ELIGIBLE FOR THE EXEMPTION AUTHORIZED UNDER THIS SECTION FOR THAT CALENDAR YEAR.

(2) EACH YEAR, THE COMPTROLLER SHALL ISSUE SALES AND USE TAX EXEMPTION CERTIFICATES TO ELIGIBLE QUALIFIED BUSINESS ENTITIES, DISPLAYING AN EXPIRATION DATE THAT IS THE LAST DAY OF THE CALENDAR YEAR OF ISSUANCE.

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

Article – Tax – Property

9–110.

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

(2) "BUSINESS ENTITY" HAS THE MEANING STATED IN § 6-801 OF THE ECONOMIC DEVELOPMENT ARTICLE.

(3) "ELIGIBLE PROJECT" HAS THE MEANING STATED IN § 6-801 OF THE ECONOMIC DEVELOPMENT ARTICLE.

(4) "NEW BUSINESS ENTITY" HAS THE MEANING STATED IN § 6-801 OF THE ECONOMIC DEVELOPMENT ARTICLE.

(5) "QUALIFIED BUSINESS ENTITY" MEANS A NEW BUSINESS ENTITY OPERATING AN ELIGIBLE PROJECT UNDER THIS SUBTITLE.

(6) "QUALIFIED PROPERTY" MEANS REAL PROPERTY WHERE AN ELIGIBLE PROJECT IS LOCATED.

(B) (1) THERE IS A CREDIT AGAINST THE STATE PROPERTY TAX UNDER THIS SECTION IMPOSED ON REAL PROPERTY OWNED BY A QUALIFIED BUSINESS ENTITY ENROLLED IN THE MORE JOBS FOR MARYLANDERS PROGRAM ESTABLISHED UNDER TITLE 6, SUBTITLE 8 OF THE ECONOMIC DEVELOPMENT ARTICLE.

(2) THE PROPERTY TAX CREDIT PROVIDED UNDER THIS SECTION IS EQUAL TO 100% OF ALL STATE PROPERTY TAX THAT IS DUE.

(3) THE PROPERTY TAX CREDIT PROVIDED UNDER THIS SECTION DOES NOT AFFECT THE AMOUNT OF THE COUNTY OR MUNICIPAL CORPORATION PROPERTY TAX IMPOSED ON THE PROPERTY.

(C) BY JUNE 15 EACH YEAR, THE DEPARTMENT SHALL SUBMIT TO THE DEPARTMENT OF COMMERCE A LIST THAT INCLUDES:

(1) THE LOCATION OF EACH QUALIFIED PROPERTY;

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

(3) THE AMOUNT OF THE STATE PROPERTY TAX ASSESSED AGAINST EACH QUALIFIED PROPERTY.

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

Article – Tax – General

10–210.1.

(a) (1) In this section the following words have the meanings indicated.

(2) “Depreciation” includes any deduction allowed under § 179 of the Internal Revenue Code.

(3) “Heavy duty SUV” means a 4–wheeled vehicle that:

(i) is manufactured primarily for use on public streets, roads, and highways;

(ii) is rated at more than 6,000 but not more than 14,000 pounds gross vehicle weight; and

(iii) would be a passenger automobile as defined in § 280F of the Internal Revenue Code if it were rated at 6,000 pounds gross vehicle weight or less.

(4) (I) “MANUFACTURING ENTITY” MEANS A PERSON CONDUCTING OR OPERATING A TRADE OR BUSINESS THAT IS PRIMARILY ENGAGED IN ACTIVITIES THAT, IN ACCORDANCE WITH THE NORTH AMERICAN INDUSTRIAL CLASSIFICATION SYSTEM (NAICS), UNITED STATES MANUAL, UNITED STATES OFFICE OF MANAGEMENT AND BUDGET, 2012 EDITION, WOULD BE INCLUDED IN SECTOR 31, 32, OR 33.

(II) “MANUFACTURING ENTITY” DOES NOT INCLUDE A REFINER, AS DEFINED IN § 10–101 OF THE BUSINESS REGULATION ARTICLE.

(b) In addition to the modifications under §§ 10–204 through 10–210 of this subtitle, to determine Maryland adjusted gross income of an individual:

(1) (I) EXCEPT AS PROVIDED IN ITEM (II) OF THIS ITEM, an amount is added to or subtracted from federal adjusted gross income to reflect the determination of the depreciation deduction provided under § 167(a) of the Internal Revenue Code and the adjusted basis of property without regard to the additional allowance under § 168(k) of the Internal Revenue Code; **AND**

(II) ITEM (I) OF THIS ITEM DOES NOT APPLY TO PROPERTY PLACED IN SERVICE BY A MANUFACTURING ENTITY ON OR AFTER JANUARY 1, 2019;

1 (3) **(I) EXCEPT AS PROVIDED IN ITEM (II) OF THIS ITEM**, an amount
2 is added to or subtracted from federal adjusted gross income to reflect the determination of
3 the maximum aggregate costs that the taxpayer may treat as an expense under § 179 of
4 the Internal Revenue Code for any taxable year without regard to any changes made to
5 that section after December 31, 2002:

6 [(i)] **1.** increasing above \$25,000 the dollar limitation set forth in
7 § 179(b)(1) of the Internal Revenue Code; or

8 [(ii)] **2.** increasing above \$200,000 the phase-out threshold set
9 forth in § 179(b)(2) of the Internal Revenue Code; **AND**

10 **(II) ITEM (I) OF THIS ITEM DOES NOT APPLY TO PROPERTY THAT**
11 **IS PLACED IN SERVICE BY A MANUFACTURING ENTITY ON OR AFTER JANUARY 1,**
12 **2019;**

13 SECTION 4. AND BE IT FURTHER ENACTED, That Section 1 of this Act shall be
14 applicable to all taxable years beginning after December 31, 2016.

15 SECTION 5. AND BE IT FURTHER ENACTED, That Section 2 of this Act shall be
16 applicable to all taxable years beginning after June 30, 2017.

17 SECTION 6. AND BE IT FURTHER ENACTED, That Section 3 of this Act shall be
18 applicable to all taxable years beginning after December 31, 2018.

19 SECTION 7. AND BE IT FURTHER ENACTED, That this Act shall take effect June
20 1, 2017.