

HOUSE BILL 373

Q3

(7lr1863)

ENROLLED BILL

— Ways and Means/Budget and Taxation —

Introduced by **Delegates D. Barnes, Afzali, Brooks, Buckel, Carr, Chang, Ciliberti, Fennell, Folden, Gilchrist, Gutierrez, Haynes, C. Howard, Knotts, Krimm, McConkey, McKay, Metzgar, Platt, Reznik, Shoemaker, Simonaire, Tarlau, Turner, Vogt, M. Washington, and C. Wilson**

Read and Examined by Proofreaders:

Proofreader.

Proofreader.

Sealed with the Great Seal and presented to the Governor, for his approval this _____ day of _____ at _____ o'clock, _____ M.

Speaker.

CHAPTER _____

1 AN ACT concerning

2 **Biotechnology Investment Tax Credit – Qualified Maryland Biotechnology**
3 **Company – Definition**

4 FOR the purpose of altering the definition of “qualified Maryland biotechnology company”
5 to extend a certain period of time from a certain date that an active business may
6 claim the biotechnology tax credit; *altering the definition of “biotechnology company”*
7 *to include a company that will be primarily engaged in certain activities within a*
8 *certain time period; providing for the revocation of a certain tax credit certificate and*
9 *the recapture of the tax credit under certain circumstances;* providing for the
10 application of this Act; and generally relating to credits against certain State taxes
11 based on certain investments in biotechnology companies.

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.

Underlining indicates amendments to bill.

~~Strike out~~ indicates matter stricken from the bill by amendment or deleted from the law by amendment.

Italics indicate opposite chamber/conference committee amendments.



1 BY repealing and reenacting, without amendments,
 2 Article – Tax – General
 3 Section 10–725(a)(1)
 4 Annotated Code of Maryland
 5 (2016 Replacement Volume)

6 BY repealing and reenacting, with amendments,
 7 Article – Tax – General
 8 Section ~~10–725(a)(7)~~ 10–725(a)(2) and (7)
 9 Annotated Code of Maryland
 10 (2016 Replacement Volume)

11 BY adding to
 12 Article – Tax – General
 13 Section 10–725(j)
 14 Annotated Code of Maryland
 15 (2016 Replacement Volume)

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

18 **Article – Tax – General**

19 10–725.

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

21 (2) “Biotechnology company” means a company organized for profit that is
 22 primarily engaged in, OR WITHIN 2 MONTHS WILL BE PRIMARILY ENGAGED IN, the
 23 research, development, or commercialization of innovative and proprietary technology that
 24 comprises, interacts with, or analyzes biological material including biomolecules (DNA,
 25 RNA, or protein), cells, tissues, or organs.

26 (7) (i) “Qualified Maryland biotechnology company” means a
 27 biotechnology company that:

- 28 1. has its headquarters and base of operations in this State;
- 29 2. has fewer than 50 full–time employees;
- 30 3. except as provided in subparagraph (ii) of this paragraph,
 31 has been in active business no longer than [10] 12 years;
- 32 4. does not have its securities publicly traded on any
 33 exchange; and

1 5. has been certified as a biotechnology company by the
2 Department.

3 (ii) “Qualified Maryland biotechnology company” includes:

4 1. a company that has been in active business for up to [12]
5 **15** years if the Department determines that the company requires additional time to
6 complete the process of regulatory approval; ~~OR~~

7 2. [for fiscal years 2012 and 2013 only, a company that has
8 been in active business for up to 15 years; or

9 3.] a company that has been in active business no longer than
10 [10] **12** years from the date the company first received a qualified investment under this
11 section; OR

12 **3. A COMPANY THAT, WITHIN 2 MONTHS OF THE RECEIPT**
13 **OF THE INVESTMENT, HAS MET THE REQUIREMENTS OF SUBPARAGRAPH (I) OF THIS**
14 **PARAGRAPH.**

15 **(J) IF A COMPANY RECEIVES AN INVESTMENT UNDER SUBSECTION**
16 **(A)(7)(II)3 OF THIS SECTION AND FAILS TO SATISFY THE REQUIREMENTS FOR A**
17 **QUALIFIED MARYLAND BIOTECHNOLOGY COMPANY WITHIN 2 MONTHS, THE**
18 **DEPARTMENT SHALL REVOKE ANY FINAL TAX CREDIT CERTIFICATES THAT HAVE**
19 **BEEN ISSUED AND RECAPTURE ANY TAX CREDITS ALREADY CLAIMED BY THE**
20 **QUALIFIED INVESTOR.**

21 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect June
22 1, 2017, and shall be applicable to all initial credit certificates issued after June 30, 2017.

Approved:

Governor.

Speaker of the House of Delegates.

President of the Senate.