

HOUSE BILL 978

Q1, Q3

8lr3466
CF SB 624

By: **Delegates Wilkins, Moon, Gutierrez, and Hixson**

Introduced and read first time: February 5, 2018

Assigned to: Ways and Means

A BILL ENTITLED

1 AN ACT concerning

2 **State Income and Property Tax Credits – Purple Line Construction Zone**

3 FOR the purpose of allowing certain qualified businesses impacted by the construction of
4 the Purple Line light rail project in Montgomery County and Prince George’s County
5 a credit against the State income tax and State property tax; requiring the
6 Department of Transportation, in consultation with the Comptroller, to determine
7 the eligible amount of the income tax credit for each qualified business; requiring the
8 Department to provide certain businesses with certain applications; making the
9 income tax credit refundable; requiring the Department to adopt regulations to
10 administer the income tax credit; requiring the Department to certify a business
11 entity as a qualified business if the business entity can establish a loss of business
12 income at a property in the area impacted by the construction of the Purple Line
13 light rail project; requiring the Department to determine the date on which the
14 certification as a qualified business entity will expire; defining certain terms;
15 providing for the application of this Act; and generally relating to State income and
16 property tax credits for certain businesses impacted by the construction of the Purple
17 Line light rail project.

18 BY adding to

19 Article – Tax – General

20 Section 10–746

21 Annotated Code of Maryland

22 (2016 Replacement Volume and 2017 Supplement)

23 BY adding to

24 Article – Tax – Property

25 Section 9–111

26 Annotated Code of Maryland

27 (2012 Replacement Volume and 2017 Supplement)

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

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 That the Laws of Maryland read as follows:

2 **Article – Tax – General**

3 **10–746.**

4 (A) IN THIS SECTION, “QUALIFIED BUSINESS” HAS THE MEANING STATED IN
5 § 9–111 OF THE TAX – PROPERTY ARTICLE.

6 (B) SUBJECT TO THE LIMITATIONS OF THIS SECTION, A QUALIFIED
7 BUSINESS MAY CLAIM A CREDIT AGAINST THE STATE INCOME TAX FOR THE AMOUNT
8 OF BUSINESS INCOME THAT IS LOST DURING THE TAXABLE YEAR AS A RESULT OF
9 THE CONSTRUCTION OF THE PURPLE LINE LIGHT RAIL PROJECT IN MONTGOMERY
10 COUNTY AND PRINCE GEORGE’S COUNTY.

11 (C) FOR EACH QUALIFIED BUSINESS, THE DEPARTMENT OF
12 TRANSPORTATION, IN CONSULTATION WITH THE COMPTROLLER, SHALL
13 DETERMINE THE AMOUNT OF BUSINESS INCOME ELIGIBLE FOR THE CREDIT UNDER
14 SUBSECTION (B) OF THIS SECTION.

15 (D) (1) EACH YEAR THE DEPARTMENT OF TRANSPORTATION SHALL
16 PROVIDE A QUALIFIED BUSINESS WITH AN APPLICATION TO SUBSTANTIATE THE
17 AMOUNT OF BUSINESS INCOME LOST DURING THE TAXABLE YEAR AS A RESULT OF
18 THE CONSTRUCTION OF THE PURPLE LINE LIGHT RAIL PROJECT.

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

21 (3) ON OR BEFORE DECEMBER 31 EACH YEAR, THE DEPARTMENT OF
22 TRANSPORTATION SHALL PROVIDE CERTIFICATION TO A QUALIFIED BUSINESS OF
23 THE AMOUNT OF BUSINESS INCOME LOST DURING THE TAXABLE YEAR AS A RESULT
24 OF THE CONSTRUCTION OF THE PURPLE LINE LIGHT RAIL PROJECT.

25 (E) IF THE TAX CREDIT ALLOWED UNDER THIS SECTION IN ANY TAXABLE
26 YEAR EXCEEDS THE TOTAL TAX OTHERWISE PAYABLE BY THE QUALIFIED BUSINESS
27 FOR THAT TAXABLE YEAR, THE QUALIFIED BUSINESS MAY CLAIM A REFUND IN THE
28 AMOUNT OF THE EXCESS.

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

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

1 **Article – Tax – Property**

2 **9–111.**

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

5 **(2) “IMPACTED AREA” MEANS AN AREA DESIGNATED BY THE**
6 **DEPARTMENT OF TRANSPORTATION AS BEING IMPACTED BY THE CONSTRUCTION**
7 **OF THE PURPLE LINE LIGHT RAIL PROJECT IN MONTGOMERY COUNTY AND PRINCE**
8 **GEORGE’S COUNTY.**

9 **(3) “QUALIFIED BUSINESS” MEANS A BUSINESS THAT IS CERTIFIED**
10 **UNDER SUBSECTION (C) OF THIS SECTION AND IS IMPACTED BY THE CONSTRUCTION**
11 **OF THE PURPLE LINE LIGHT RAIL PROJECT IN MONTGOMERY COUNTY AND PRINCE**
12 **GEORGE’S COUNTY.**

13 **(B) SUBJECT TO THE PROVISIONS OF THIS SECTION, THE STATE SHALL**
14 **GRANT A PROPERTY TAX CREDIT AGAINST THE STATE PROPERTY TAX IMPOSED ON**
15 **REAL PROPERTY THAT IS LOCATED IN AN IMPACTED AREA AND OWNED BY A**
16 **QUALIFIED BUSINESS.**

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

20 **(2) A BUSINESS ENTITY IS ELIGIBLE TO BE CERTIFIED AS A**
21 **QUALIFIED BUSINESS IF THE BUSINESS ENTITY CAN ESTABLISH A LOSS OF BUSINESS**
22 **INCOME AT A PROPERTY LOCATED IN THE IMPACTED AREA THAT IS THE DIRECT**
23 **RESULT OF CONSTRUCTION OF THE PURPLE LINE LIGHT RAIL PROJECT.**

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

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

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

33 **SECTION 3. AND BE IT FURTHER ENACTED, That Section 1 of this Act shall be**

1 applicable to all taxable years beginning after December 31, 2017.

2 SECTION 4. AND BE IT FURTHER ENACTED, That Section 2 of this Act shall be
3 applicable to all taxable years beginning after June 30, 2018.

4 SECTION 5. AND BE IT FURTHER ENACTED, That this Act shall take effect June
5 1, 2018.