

# HOUSE BILL 45

C8, Q3, Q1

(PRE-FILED)

0lr0408  
CF SB 122

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By: **Delegate Palakovich Carr**

Requested: July 1, 2019

Introduced and read first time: January 8, 2020

Assigned to: Ways and Means

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Committee Report: Favorable with amendments

House action: Adopted

Read second time: March 5, 2020

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## CHAPTER \_\_\_\_\_

1 AN ACT concerning

2 **Economic Development – Opportunity Zone Incentives – Alteration of the More**  
3 **Jobs for Marylanders and Opportunity Zone Enhancement Programs**

4 FOR the purpose of altering certain terms relating to eligibility for benefits under the More  
5 Jobs for Marylanders and Opportunity Zone Enhancement programs; altering the  
6 taxable years for which certain enhancements under the Opportunity Zone  
7 Enhancement Program are applicable; requiring the Department of Commerce to  
8 publish certain information about the Opportunity Zone Enhancement Program and  
9 certain qualified opportunity funds on its website in a certain manner; limiting  
10 eligibility for certain Opportunity Zone Enhancement Program benefits to certain  
11 investments in certain biotechnology and cybersecurity companies that are newly  
12 established in or expand into an opportunity zone on or after a certain date; making  
13 a technical correction; providing for the application of this Act; and generally relating  
14 to opportunity zones and the More Jobs for Marylanders and Opportunity Zone  
15 Enhancement programs.

16 BY repealing and reenacting, without amendments,  
17 Article – Economic Development  
18 Section 6–801(a) and 6–1001(a)  
19 Annotated Code of Maryland  
20 (2018 Replacement Volume and 2019 Supplement)

21 BY repealing and reenacting, with amendments,  
22 Article – Economic Development

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### 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.



1 Section 6–801(c), 6–1001(b), 6–1002, 6–1006, and 6–1007  
2 Annotated Code of Maryland  
3 (2018 Replacement Volume and 2019 Supplement)

4 BY repealing and reenacting, without amendments,  
5 Article – Tax – Property  
6 Section 9–110(a)(1)  
7 Annotated Code of Maryland  
8 (2019 Replacement Volume)

9 BY repealing  
10 Article – Tax – Property  
11 Section 9–110(a)(5)  
12 Annotated Code of Maryland  
13 (2019 Replacement Volume)

14 BY repealing and reenacting, with amendments,  
15 Article – Tax – Property  
16 Section 9–110(a)(6) through (8)  
17 Annotated Code of Maryland  
18 (2019 Replacement Volume)

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

21 **Article – Economic Development**

22 6–801.

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

24 (c) (1) “Business entity” means a person conducting or operating a trade or  
25 business that is:

26 (i) primarily engaged in activities that, in accordance with the  
27 North American Industrial Classification System (NAICS), United States Manual, United  
28 States Office of Management and Budget, 2012 Edition, would be included in Sector 31, 32,  
29 or 33; or

30 (ii) located in an opportunity zone.

31 (2) “Business entity” does not include:

32 (i) a refiner, as defined in § 10–101 of the Business Regulation  
33 Article; [or]

34 (ii) a person conducting or operating a trade or business that is:

- 1                                    1.     providing adult entertainment, as determined by the  
 2 Department;
- 3                                    2.     primarily engaged in retail activities, unless the person is  
 4 operating a grocery store located in an opportunity zone; or
- 5                                    3.     primarily engaged in the sale or distribution of alcoholic  
 6 beverages; **OR**

7                                    **(III) THE FOLLOWING ENTITIES:**

- 8                                    1.     **A PRIVATE OR COMMERCIAL GOLF COURSE OR**  
 9 **COUNTRY CLUB;**
- 10                                   2.     **A TANNING SALON; OR**
- 11                                   3.     ~~**A MASSAGE PARLOR; OR**~~
- 12                                   ~~**4.     A BAIL BONDSMAN.**~~

13 6–1001.

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

15            (b)     “Level 1 opportunity zone enhancement” means an enhanced tax credit under  
 16 the Program for which a qualified opportunity zone business or qualified opportunity fund  
 17 is eligible if:

18                    (1)     the following information is provided to the Department:

19                    [(1)] (I)     the date of the qualified opportunity fund’s investment in the  
 20 qualified opportunity zone business and the amount of the investment;

21                    [(2)] (II)    the total project or business investment, including any leverage;

22                    [(3)] (III)   the address and census tract of the qualified opportunity zone  
 23 business and the qualified opportunity fund;

24                    [(4)] (IV)   the North American Industrial Classification System Code for  
 25 the qualified opportunity zone business;

26                    [(5)] (V)    an impact report, including both qualitative and quantitative  
 27 data on the investment and, **AS APPLICABLE**, its progress **TOWARD:**

28                                    1.     **CREATING AND RETAINING JOBS;**

1                                   **2. PROMOTING ENTREPRENEURSHIP, INCLUDING**  
 2 **AMONG WOMEN– AND MINORITY–OWNED BUSINESSES;**

3                                   **3. PROVIDING AFFORDABLE HOUSING;**

4                                   **4. CREATING ACCESS TO HEALTHY FOOD;**

5                                   **5. PROMOTING ENVIRONMENTAL SUSTAINABILITY; AND**

6                                   **6. BENEFITING THE COMMUNITIES IN THE**  
 7 **OPPORTUNITY ZONE IN A MANNER NOT OTHERWISE SPECIFIED IN THIS ITEM; and**

8                                   **[(6)] (VI)** any other information requested by the Department that meets  
 9 the transparency goals of the Program; **AND**

10                                   **(2) FOR A QUALIFIED OPPORTUNITY ZONE BUSINESS LOCATED IN AN**  
 11 **OPPORTUNITY ZONE IN A COUNTY WITH A MINIMUM WAGE THAT EXCEEDS THE**  
 12 **STATE MINIMUM WAGE, THE QUALIFIED OPPORTUNITY ZONE BUSINESS PAYS TO**  
 13 **EACH EMPLOYEE WAGES THAT EXCEED THE GREATER OF:**

14                                   **(I) 120% OF THE STATE MINIMUM WAGE; OR**

15                                   **(II) 120% OF THE COUNTY MINIMUM WAGE.**

16 6–1002.

17                   (a) There is an Opportunity Zone Enhancement Program in the Department.

18                   (b) **(1)** The Department shall administer the tax credit enhancements offered  
 19 under the Program.

20                   **(2) THE ENHANCEMENTS OFFERED UNDER THE PROGRAM SHALL BE**  
 21 **APPLICABLE TO ALL TAXABLE YEARS BEGINNING AFTER DECEMBER 31, 2018, BUT**  
 22 **BEFORE JANUARY 1, ~~2022~~ 2027.**

23                   (c) (1) The Department shall publish on its website information about the  
 24 Program and information reported by a qualified opportunity fund receiving enhanced tax  
 25 credits under the Program.

26                   (2) The information published on the website:

27                                   **(I) SHALL BE ITEMIZED BY QUALIFIED OPPORTUNITY ~~FUND~~**  
 28 **ZONE;**

1 (II) SHALL BE SUMMARIZED IN THE AGGREGATE; AND

2 (III) may not include any proprietary or confidential information.

3 (d) The Department, in consultation with the Department of Housing and  
4 Community Development, shall adopt regulations to carry out this subtitle, including  
5 criteria and procedures for determining eligibility for a Level 1 or Level 2 opportunity zone  
6 enhancement.

7 6–1006.

8 (a) In this section, “investment”, “qualified investor”, and “qualified Maryland  
9 biotechnology company” have the meanings stated in § 10–725 of the Tax – General Article.

10 (b) For a qualified opportunity fund that is a qualified investor in a qualified  
11 Maryland biotechnology company under § 10–725 of the Tax – General Article, if the  
12 qualified Maryland biotechnology company [is located in], **ON OR AFTER MARCH 1, 2018,**  
13 **IS NEWLY ESTABLISHED IN OR EXPANDS INTO** an opportunity zone:

14 (1) the Level 1 opportunity zone enhancement is 65% of the investment in  
15 a qualified Maryland biotechnology company in any county, not to exceed \$575,000; and

16 (2) the Level 2 opportunity zone enhancement is 75% of the investment in  
17 the qualified Maryland biotechnology company in any county, not to exceed \$750,000.

18 (c) The enhanced tax credit percentages and maximums authorized under  
19 subsection (b) of this section are in substitution for and not in addition to the percentages  
20 and maximums under § 10–725(d) of the Tax – General Article.

21 6–1007.

22 (a) In this section, “investment”, “qualified investor”, and “qualified Maryland  
23 cybersecurity company” have the meanings stated in § 10–733 of the Tax – General Article.

24 (b) For a qualified opportunity fund that is a qualified investor in a qualified  
25 Maryland cybersecurity company under § 10–733 of the Tax – General Article, if the  
26 qualified Maryland cybersecurity company [is located in], **ON OR AFTER MARCH 1, 2018,**  
27 **IS NEWLY ESTABLISHED IN OR EXPANDS INTO** an opportunity zone in a county other  
28 than Allegany County, Dorchester County, Garrett County, or Somerset County:

29 (1) the Level 1 opportunity zone enhancement is 33% of the investment in  
30 a qualified Maryland cybersecurity company, not to exceed \$300,000; and

31 (2) the Level 2 opportunity zone enhancement is 50% of the investment in  
32 the qualified Maryland cybersecurity company, not to exceed \$500,000.

1 (c) The enhanced tax credit percentages and maximums authorized under  
 2 subsection (b) of this section are in substitution for and not in addition to the percentages  
 3 and maximums under § 10-733(d) of the Tax – General Article.

4 **Article – Tax – Property**

5 9–110.

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

7 [(5) “Opportunity zone” has the meaning stated in § 6–801 of the Economic  
 8 Development Article.]

9 [(6)] (5) “Qualified business entity” means a new business entity  
 10 operating an eligible project in a Tier I area, as defined under § 6–801 of the Economic  
 11 Development Article.

12 [(7)] (6) “Qualified position” has the meaning stated in § 6–801 of the  
 13 Economic Development Article.

14 [(8)] (7) “Qualified property” means real property where an eligible  
 15 project is located.

16 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect July  
 17 1, 2020, and shall be applicable to all taxable years beginning after December 31, 2019.

Approved:

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Governor.

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Speaker of the House of Delegates.

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President of the Senate.