

~~(7) (I) "SMALL BUSINESS EMPLOYER" MEANS, WITH RESPECT TO ANY TAXABLE YEAR, AN EMPLOYER WHO EMPLOYED AN AVERAGE OF 50 OR FEWER EMPLOYEES ON BUSINESS DAYS DURING THE TAXABLE YEAR.~~

~~(H) FOR PURPOSES OF SUBPARAGRAPH (I) OF THIS PARAGRAPH, ALL PERSONS TREATED AS A SINGLE EMPLOYER UNDER § 414(B), (C), (M), OR (O) OF THE INTERNAL REVENUE CODE SHALL BE TREATED AS A SINGLE EMPLOYER.~~

~~(B) A READY RESERVE NATIONAL GUARD SELF EMPLOYED INDIVIDUAL OR AN INDIVIDUAL OR CORPORATION THAT IS A SMALL BUSINESS EMPLOYER MAY CLAIM AS A CREDIT AGAINST THE STATE INCOME TAX FOR A TAXABLE YEAR FOR EACH QUALIFIED REPLACEMENT EMPLOYEE THE LESSER OF:~~

~~(1) 50% OF THE QUALIFIED COMPENSATION OF THE EMPLOYEE DURING THE TAXABLE YEAR THAT IS ATTRIBUTABLE TO SERVICE RENDERED AS A QUALIFIED REPLACEMENT EMPLOYEE; OR~~

~~(2) \$6,000.~~

~~(C) THE CREDIT UNDER THIS SECTION MAY NOT BE ALLOWED:~~

~~(1) FOR ANY TAXABLE YEAR IN WHICH THE TAXPAYER IS UNDER A FINAL ORDER, JUDGMENT, OR OTHER PROCESS ISSUED OR REQUIRED BY A DISTRICT COURT OF THE UNITED STATES UNDER 38 U.S.C. § 4323 WITH RESPECT TO A VIOLATION OF CHAPTER 43 OF TITLE 38 OF THE UNITED STATES CODE; OR~~

~~(2) FOR THE 2 SUCCEEDING TAXABLE YEARS AFTER ANY TAXABLE YEAR DESCRIBED IN ITEM (1) OF THIS SUBSECTION.~~

~~(D) IF THE CREDIT ALLOWED UNDER THIS SECTION IN ANY TAXABLE YEAR EXCEEDS THE STATE INCOME TAX FOR THAT TAXABLE YEAR, AN INDIVIDUAL OR CORPORATION MAY APPLY THE EXCESS AS A CREDIT AGAINST THE STATE INCOME TAX FOR SUCCEEDING TAXABLE YEARS UNTIL THE EARLIER OF:~~

~~(1) THE EXHAUSTION OF THE FULL AMOUNT OF THE EXCESS; OR~~

~~(2) THE EXPIRATION OF THE 5TH TAXABLE YEAR AFTER THE TAXABLE YEAR IN WHICH THE CREDIT IS EARNED.~~

~~SECTION 2. AND BE IT FURTHER ENACTED, That the tax credit under § 10-726 of the Tax General Article as enacted by Section 1 of this Act shall be applicable to all taxable years beginning after December 31, 2005.~~

SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect July 1, 2006.

Approved May 2, 2006.