

~~APPLY THE EXCESS AS A CREDIT AGAINST THE STATE TAX LIABILITY FOR SUCCEEDING TAXABLE YEARS UNTIL THE EARLIER OF:~~

~~(1) THE FULL AMOUNT OF THE EXCESS IS USED; OR~~

~~(2) THE EXPIRATION OF THE FIFTH TAXABLE YEAR AFTER THE TAXABLE YEAR IN WHICH THE INVESTMENT WAS MADE.~~

~~(H) (1) (I) ON OR BEFORE APRIL 30TH OF EACH YEAR, A QUALIFIED MARYLAND VENTURE CAPITAL FIRM SHALL:~~

~~1. HAVE AN AUDIT PERFORMED ON ITS FINANCIAL STATEMENTS FOR THE PRECEDING CALENDAR YEAR BY A FIRM OF CERTIFIED PUBLIC ACCOUNTANTS LICENSED TO PRACTICE IN THE STATE; AND~~

~~2. PROVIDE A COPY OF THE AUDIT TO THE DEPARTMENT.~~

~~(H) THE AUDIT REQUIRED UNDER SUBPARAGRAPH (I) OF THIS PARAGRAPH SHALL INCLUDE A DETERMINATION OF WHETHER PROFITS PRODUCING AN INTERNAL RATE OF RETURN OF 10% HAVE BEEN EARNED ON INVESTMENTS MADE BY THE QUALIFIED MARYLAND VENTURE CAPITAL FIRM THAT THE QUALIFIED MARYLAND VENTURE CAPITAL FIRM CLAIMED CREDITS UNDER THIS SECTION.~~

~~(2) WITHIN 60 DAYS FOLLOWING THE ISSUANCE OF THE AUDIT REPORT REQUIRED UNDER PARAGRAPH (1) OF THIS SUBSECTION, A QUALIFIED MARYLAND VENTURE CAPITAL FIRM SHALL PAY TO THE DEPARTMENT AN AMOUNT EQUAL TO 25% OF ALL PROFITS DETERMINED UNDER PARAGRAPH (1)(H) OF THIS SUBSECTION TO BE IN EXCESS OF THE AMOUNT REQUIRED TO PRODUCE AN ANNUAL INTERNAL RATE OF RETURN OF 10%.~~

~~(F) (1) THE CREDIT CLAIMED UNDER THIS SECTION SHALL BE RECAPTURED AS PROVIDED IN PARAGRAPH (2) OF THIS SUBSECTION IF, WITHIN 2 YEARS FROM THE CLOSE OF THE TAXABLE YEAR IN WHICH THE CREDIT IS APPROVED, THE QUALIFIED INVESTOR SELLS, TRANSFERS, OR OTHERWISE DISPOSES OF THE OWNERSHIP INTEREST IN THE QUALIFIED MARYLAND BIOTECHNOLOGY COMPANY THAT GAVE RISE TO THE CREDIT.~~

~~(2) THE AMOUNT REQUIRED TO BE RECAPTURED UNDER THIS SUBSECTION IS THE PRODUCT OF MULTIPLYING:~~

~~(I) THE PORTION OF THE CREDIT ATTRIBUTABLE TO THE OWNERSHIP INTEREST DISPOSED OF AS DESCRIBED IN PARAGRAPH (1) OF THIS SUBSECTION; AND~~

~~(II) 1. 100%, IF THE DISPOSITION OCCURS DURING THE TAXABLE YEAR IN WHICH THE TAX CREDIT IS APPROVED;~~

~~2. 67%, IF THE DISPOSITION OCCURS DURING THE FIRST YEAR AFTER THE CLOSE OF THE TAXABLE YEAR FOR WHICH THE TAX CREDIT IS APPROVED; OR~~