

Annotated Code of Maryland
(1988 Volume and 1995 Supplement)

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

Article - Tax - General

10-702.

(a) (2) (i) "Business entity" means:

1. a person conducting or operating a trade or business; OR
2. AN ORGANIZATION THAT IS EXEMPT FROM TAXATION UNDER § 501(C)(3) OR (4) OF THE INTERNAL REVENUE CODE[;].

(b) (1) Any business entity that is located in an enterprise zone and satisfies the requirements of Article 83A, § 5-404 of the Code may claim a credit only against the State income tax for the wages specified in subsections (c) and (d) of this section that are paid in the taxable year for which the entity claims the credit.

~~(2) AN ORGANIZATION THAT IS EXEMPT FROM TAXATION UNDER § 501(C)(3) OR (4) OF THE INTERNAL REVENUE CODE MAY APPLY THE CREDIT UNDER THIS SECTION AS A CREDIT AGAINST INCOME TAX THAT THE ORGANIZATION HAS WITHHELD FROM THE WAGES OF EMPLOYEES AND IS REQUIRED TO PAY TO THE COMPTROLLER UNDER § 10-906(A) OF THIS TITLE.~~

(2) AN ORGANIZATION THAT IS EXEMPT FROM TAXATION UNDER § 501(C)(3) OR (4) OF THE INTERNAL REVENUE CODE MAY APPLY THE CREDIT UNDER THIS SECTION AS A CREDIT AGAINST INCOME TAX DUE ON UNRELATED BUSINESS TAXABLE INCOME AS PROVIDED UNDER §§ 10-304 AND 10-812 OF THIS TITLE.

~~(e) (1) If the credit allowed under this section in any taxable year exceeds the State income tax for that taxable year, a business entity may apply the excess as a credit against the State income tax for succeeding taxable years until the earlier of:~~

~~{(1)}(I) the full amount of the excess is used; or~~

~~{(2)}(II) the expiration of the 5th taxable year from the date on which the business entity hired the qualified employee to whom the credit first applies.~~

~~(2) FOR AN ORGANIZATION THAT IS EXEMPT FROM TAXATION UNDER § 501(C)(3) OR (4) OF THE INTERNAL REVENUE CODE, IF THE CREDIT ALLOWED UNDER THIS SECTION IN ANY TAXABLE YEAR EXCEEDS THE SUM OF THE STATE INCOME TAX OTHERWISE PAYABLE BY THE ORGANIZATION FOR THAT TAXABLE YEAR AND THE INCOME TAX THAT THE ORGANIZATION HAS WITHHELD FROM THE WAGES OF EMPLOYEES FOR THAT TAXABLE YEAR AND IS REQUIRED TO PAY TO THE COMPTROLLER UNDER § 10-906(A) OF THIS TITLE, THE ORGANIZATION MAY APPLY THE EXCESS AS A CREDIT FOR SUCCEEDING TAXABLE YEARS UNTIL THE EARLIER OF:~~

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