

(III) THE LOCATION WHERE SUPPLIES USED IN RESEARCH AND DEVELOPMENT ARE CONSUMED; AND

(IV) ANY OTHER FACTORS THAT THE DEPARTMENT DETERMINES ARE RELEVANT FOR THE DETERMINATION.

SECTION 2. AND BE IT FURTHER ENACTED, That:

(a) Except as otherwise provided in this section, this Act shall be applicable to all taxable years beginning after December 31, 1999 but before January 1, 2005.

(b) If a taxpayer's taxable year for income tax purposes is not the calendar year:

(1) for the taxable year that ends in calendar year 2000, the taxpayer may apply for a prorated credit for research and development expenses paid or incurred in the taxable year for that part of the taxable year that falls in calendar year 2000; and

(2) for the taxable year that begins in calendar year 2004, the taxpayer may apply for only a prorated credit for research and development expenses paid or incurred in the taxable year for that part of the taxable year that falls in calendar year 2004.

SECTION 3. AND BE IT FURTHER ENACTED, That the Department of Economic and Employment Development and the Comptroller shall jointly assess the cost of the research and development tax credit program established under this Act and the program's success in increasing the level of investment in research and development activities and attracting and retaining businesses that engage in research and development in Maryland. Subject to § 2-1246 of the State Government Article, a consolidated report of the findings of the Department and the Comptroller and any other information of value to the General Assembly in determining the effectiveness of the research and development tax credit program shall be submitted to the General Assembly on or before December 15, 2005.

SECTION ~~3~~ 4. AND BE IT FURTHER ENACTED, That this Act shall take effect July 1, 2000. It shall remain effective for a period of 6 years and, at the end of June 30, 2006, with no further action required by the General Assembly, this Act shall be abrogated and of no further force and effect.

Approved May 18, 2000.

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**CHAPTER 516**

**(House Bill 14)**

AN ACT concerning

**Maryland Research and Development Tax Credit**

FOR the purpose of allowing a credit against the State income tax for certain research