

State tax for the taxable year on the qualified business entity's income generated by or arising out of an eligible economic development project shall equal the difference between:

1. The State tax without regard to this section; and
2. The State tax on the qualified business entity's Maryland taxable income reduced by the amount of its net income attributable to the eligible economic development project.

(ii) 1. If an eligible economic development project is a totally separate facility, net income attributable to the project shall be determined under the separate accounting method reflecting only the gross income, deductions, expenses, gains, and losses that are directly attributable to the facility and overhead expenses apportioned to the facility.

2. If the eligible economic development project is an expansion to a previously existing facility:

A. Net income attributable to the entire facility shall be determined under the separate accounting method reflecting only the gross income, deductions, expenses, gains, and losses that are directly attributable to the facility and overhead expenses apportioned to the facility; and

B. The net income attributable to the eligible economic development project shall be determined by apportioning the separate accounting net income of the entire facility to the eligible economic development project by a formula approved by the Comptroller or the Department of Assessments and Taxation.

3. If a qualified business entity can show to the satisfaction of the Comptroller or the Department of Assessments and Taxation that the nature of the operations and activities of the qualified business entity are such that it is not practical to use the separate accounting method to determine the net income from the facility at which the eligible economic development project is located, the qualified business entity shall determine net income from the eligible economic development project using an alternative method approved by the Comptroller or the Department of Assessments and Taxation.

(III) A QUALIFIED BUSINESS ENTITY THAT IS SUBJECT TO TAXATION UNDER TITLE 6 OF THE INSURANCE ARTICLE MAY NOT CLAIM THE CREDIT UNDER THIS SUBSECTION FOR THE TAXABLE YEAR IN WHICH THE PROJECT IS PLACED IN SERVICE OR FOR THE FIRST 4 TAXABLE YEARS FOLLOWING THE TAXABLE YEAR IN WHICH THE PROJECT IS PLACED IN SERVICE.

(4) If the eligible project costs for the eligible economic development project exceed the State tax on the qualified business entity's income generated by or arising out of the project for the taxable year in which the project is placed in service, the qualified business entity may apply any excess as a credit for succeeding taxable years against the State tax on the qualified business entity's income generated by or arising out of the project until the earlier of:

- (i) The full amount of the excess is used; or