



## ONE MARYLAND TAX CREDIT PROGRAM FACT SHEET (APPLICABLE ONLY TO BUSINESSES THAT COMMERCE CERTIFIES AS ELIGIBLE FOR THE ONE MARYLAND TAX CREDIT AFTER JULY 1, 2018)

[House Bill 1295](#) passed during the 2018 session of the General Assembly that made changes to the One Maryland tax credit program. The changes affect any business that receives a Final Certificate of Eligibility beginning **July 1, 2018**. Businesses that submitted their intent or preliminary application prior to that date are not grandfathered in. Any business that is certified BEFORE July 1, 2018 is subject to the existing statute. Program benefits, eligibility and the process to apply and claim the credit under HB 1295 are described below.

### Benefit

The amount of income tax credit that a business will qualify for depends on the amount of capital investment it makes in the project and the number of new qualified jobs it creates in a 24 month period. A business may qualify for the following maximum credit amounts:

- For businesses that have at least \$1 million of eligible project costs and create 10-24 qualified positions: maximum \$1 million in credits.
- For businesses that have at least \$2.5 million of eligible project costs and create 25-49 qualified positions: maximum \$2.5 million in credits.
- For businesses that have at least \$5 million of eligible project costs and create at least 50 qualified positions: maximum \$5 million in credits.

### Eligibility

- Location - A business must locate or expand in a "Priority Funding Area" in a Tier 1 County. Tier 1 Counties are subject to change. Please verify with the Maryland Department of Commerce (Commerce) that the project location is in a PFA and Tier 1 County.
  - Beginning July 1, 2018, Tier 1 Counties include: Baltimore City and Allegany, Caroline, Dorchester, Garrett, Kent, Somerset, Washington, Wicomico and Worcester Counties.
- Declaration of Intent - A business may not claim any expenses incurred or jobs created prior to notifying Commerce in writing of its intent to seek certification for a One Maryland Tax Credit.
- Certification - A business must be certified as a qualified business entity eligible for the One Maryland Tax Credit. Applications for certification are available from Commerce.
- Job Creation Minimums - The business must create at least 10 new, full-time qualified positions at the project within 24 months. However, to receive the maximum \$5 million credit, the business must have at least 50 new qualified positions within 24 months.
- The positions must be full-time, pay 120% of State Minimum Wage, be filled for 12 months, and be a "net new" job to Maryland. The business must create the minimum number of jobs in a 24-month period.
  - As of 7-1-18, 120% of State Minimum Wage is \$12.12/hour
- Have at least \$500,000 of eligible costs.
- The facility must be engaged in an eligible activity.

## Application Process

- Business provides Notice of Intent to Commerce in writing. The business may count eligible costs and qualified positions after that date.
- The business will receive notification from Commerce that the Department received its intent and will be provided with a Preliminary Application and Employment Affidavit.
- Upon acceptance of the Preliminary Application and Employment Affidavit, Commerce will issue the business a Preliminary Certificate of Eligibility if the business is projected to qualify for the tax credit.
- The business may apply for final certification when it has incurred the eligible project costs, created at least 10 qualified jobs and those jobs have been filled for 12 months. To qualify for the maximum \$5M credit, the business must have 50 qualified positions and at least \$5M of eligible project costs.
- The final application will include a list of the qualified positions and employees in those positions, list of eligible costs and other information. Commerce will require the business to provide documentation to confirm expenditures for a sample of the costs.
- Commerce will issue the business a Final Certificate which the business will attach to its tax return. The certificate will include the amount of credit for which the business qualifies.

## Claiming the Credit

- The business may claim the credit against its state income tax liability. Insurance companies may claim the credit against the insurance premiums tax. The first year it qualifies is its “credit year”.
- Beginning 4 years following the credit year, the business may apply the credit against its state income tax liability (or insurance premiums tax) and claim a refund. The amount of the refund is limited annually to the payroll withholding of the qualified positions.
- The credit can be carried forward for 10 years following the credit year.
- If the number of qualified positions falls below the required job number, the business may be able to claim a prorated credit, as long as:
  - The number of qualified positions does not fall below 10
  - The business maintained the required number of jobs (25 for a maximum \$2.5M credit, 50 jobs for a maximum \$5M credit) for five years.
- The business must report to Commerce each year it claims the credit, the amount of project tax credit that it claims on its tax return. Failure to provide this information to Commerce will disqualify the business from claiming any unclaimed amount of credit.

## Exclusions

**For any Tax Year the business claims the One Maryland Tax Credit, it may not also claim the Job Creation Tax Credit.**

For More Information, please contact:

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<http://commerce.maryland.gov/fund/programs-for-businesses/one-maryland-tax-credit>