

HB0898/663424/1

BY: Ways and Means Committee

AMENDMENTS TO HOUSE BILL 898
(First Reading File Bill)

AMENDMENT NO. 1

On page 1, in line 15, after “Credit;” insert “establishing the purpose of the film production activity tax credit;”; in line 17, strike “repealing” and substitute “altering for certain fiscal years;”; and in line 19, after “activity;” insert “altering certain reporting requirements concerning certain economic development programs and tax credits; requiring the Office of the Comptroller and the Department of Commerce to evaluate the film production activity tax credit and submit a certain report on or before a certain date;”.

On page 2, in line 24, after “2.5–109(a)(1),” insert “(d)(1), and (e).”; and after line 35, insert:

“BY adding to

Article - Economic Development

Section 2.5–109(g) and 5–515; the new part designation “Part I. Maryland Economic Development Corporation” to immediately precede Section 10–101; and 10–156

Annotated Code of Maryland

(2024 Replacement Volume and 2025 Supplement)”.

On pages 2 and 3, strike in their entirety the lines beginning with line 42 on page 2 through line 5 on page 3, inclusive.

On page 4, in line 18, after “10–702(a)(4)(ii),” insert “(c), and (e)(1).”; in line 23, strike “10–721(i) and 10–725(b)(5) and (k)” and substitute “10–721(i), 10–725(b)(5), and 10–730(a–1)”; in line 28, strike “9–103(a)(1) and (6) and (b)(1) and”; in line 33, strike “9–103(d)(2) and (5) and (e)(1) and”; and in line 34, after “(f)” insert “and 9–230(m)”.

AMENDMENT NO. 2

On page 6, after line 5, insert:

“(d) (1) The report required under SUBSECTION (C) OF this section shall include the following data, if applicable, on the economic development programs administered by the Department:

(i) the number of jobs created;

(ii) the number of jobs retained;

(III) THE MINIMUM, MAXIMUM, AND AVERAGE SALARY OF THE JOBS CREATED OR RETAINED;

(IV) FOR EACH OF THE FOLLOWING CATEGORIES, THE NUMBER OF JOBS CREATED OR RETAINED THAT:

1. PROVIDE CAREER ADVANCEMENT TRAINING;

2. PROVIDE PAID LEAVE;

3. OFFER EMPLOYER-PROVIDED HEALTH INSURANCE BENEFITS THAT DO NOT EXCEED 8.5% OF THE EMPLOYEE’S NET MONTHLY EARNINGS; AND

4. OFFER RETIREMENT BENEFITS;

[(iii)] (V) the estimated amount of State revenue generated;

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[(iv)] (VI) the status of any special fund;

[(v)] (VII) for minority business enterprises, as defined in § 14–301 of the State Finance and Procurement Article:

1. the number of enterprises that received assistance from each economic development program; and

2. the percentage of assistance distributed to each minority business enterprise from each economic development program compared to the total assistance distributed from each economic development program;

[(vi)] (VIII) a statement indicating whether, during the current reporting year, the Department reduced, revoked, or recaptured a tax credit or any amount of financial assistance from a recipient and, if applicable:

1. the total amount recovered as a result of the reduction, revocation, or recapture, and any penalty assessed; and

2. a justification for the reduction, revocation, or recapture; and

[(vii)] (IX) any additional information required by the Department through regulations.

(e) The Department shall establish, maintain, and update annually a publicly available database on the Department’s website that:

(1) provides information that is downloadable by the public in a common machine-readable format; and

(2) includes, as applicable:

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(i) the name of each business entity that is a recipient of an economic development program;

(ii) the total amount of tax credits certified, financial assistance paid, and loans forgiven or uncollectible by the Department for each recipient of the tax credit or financial assistance;

(iii) the number of jobs actually created or retained by each recipient;

(iv) the MINIMUM, MAXIMUM, AND average salary of the jobs created or retained by each recipient;

(v) the amount of capital investment made or project costs incurred by each recipient; and

(vi) a statement indicating whether, during the current reporting year, the Department reduced, revoked, or recaptured a tax credit or any amount of financial assistance from a recipient and, if applicable:

1. the total amount recovered as a result of the reduction, revocation, or recapture, and any penalty assessed; and

2. a justification for the reduction, revocation, or recapture.

(G) (1) ON OR BEFORE DECEMBER 1, 2029, THE DEPARTMENT SHALL SUBMIT A REPORT ON THE ECONOMIC DEVELOPMENT PROGRAMS ADMINISTERED BY THE DEPARTMENT THAT WERE ALTERED BY CHAPTER ____ (S.B. 388) (H.B. 898) OF THE ACTS OF THE GENERAL ASSEMBLY OF 2026 TO THE GOVERNOR

AND, IN ACCORDANCE WITH § 2-1257 OF THE STATE GOVERNMENT ARTICLE,
THE GENERAL ASSEMBLY.

(2) THE REPORT REQUIRED UNDER THIS SUBSECTION SHALL
INCLUDE ANALYSIS OF:

(I) WHETHER THE ALTERATIONS INCREASED OR
DECREASED UTILIZATION OF EACH PROGRAM;

(II) WHETHER THE ALTERATIONS INCREASED OR
DECREASED THE EFFECTIVENESS OF EACH PROGRAM; AND

(III) WHETHER THE ALTERATIONS ACCOMPLISHED THE
DEPARTMENT'S GOALS FOR EACH PROGRAM."

On page 9, in line 30, strike "21" and substitute "30".

On page 16, in lines 16, 17, 19, and 27, in each instance, strike the bracket; strike beginning with "equal" in line 25 down through "Fund" in line 26; and after line 27, insert:

"(E) A LETTER SUBMITTED UNDER THIS SECTION SHALL INCLUDE THE
SIGNATURES OF A MAJORITY OF THE MEMBERS OF THE GOVERNING BODY."

On page 23, in line 15, after the first bracket insert "(A)"; in lines 19, 20, 22, and 24, strike "[(2)", "(i)", "(ii)", and "(3)", respectively, and substitute "(B)", "(1)", "(2)", and "(C)", respectively; in line 20, strike the second "the" and substitute "A"; strike beginning with "as" in line 20 down through "2012," in line 21; in lines 22 and 23, strike "two additional 5-year terms" and substitute "ONE ADDITIONAL 3-YEAR TERM"; and strike in their entirety lines 26 and 27.

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On page 43, in line 26, strike “\$2,000,000” and substitute “**\$3,000,000**”.

On page 55, in line 8, strike the brackets; and in the same line, strike “10”.

On page 57, in lines 12, 13, 14, and 17, in each instance, strike the bracket; in line 14, strike “subtitle;” and substitute “**PART; AND**”; strike in their entirety lines 15 and 16; in line 17, strike “3.” and substitute “**2.**”; and in the same line, strike “PART” and substitute “**AT THE TIME THAT THE BUSINESS ENTITY APPLIES TO RECEIVE RENTAL ASSISTANCE FROM THE PROGRAM**”.

On page 60, in line 4, before the first bracket insert “**(A)**”; in line 5, strike “tax”; after line 7, insert:

“(B) THE REPORT REQUIRED UNDER THIS SECTION SHALL INCLUDE THE FOLLOWING INFORMATION FOR THE PRECEDING FISCAL YEAR:

(1) THE NUMBER OF BUSINESS ENTITIES THAT RECEIVED ASSISTANCE FROM THE CORPORATION UNDER § 10-141 OF THIS SUBTITLE AND THE TYPE OF ASSISTANCE PROVIDED;

(2) THE NUMBER OF BUSINESS ENTITIES CERTIFIED BY THE CORPORATION UNDER § 10-142 OF THIS SUBTITLE;

(3) THE NUMBER OF BUSINESS ENTITIES THAT RECEIVED RENTAL ASSISTANCE FROM A PROGRAM ESTABLISHED IN ACCORDANCE WITH § 10-143 OF THIS SUBTITLE THAT RECEIVED A DISTRIBUTION FROM THE FUND; AND

(4) THE NUMBER OF SMALL, MINORITY-OWNED, OR WOMEN-OWNED BUSINESSES DESCRIBED UNDER EACH OF ITEMS (1) THROUGH (3) OF THIS SUBSECTION.”;

in line 9, strike “This” and substitute “**(A) SUBJECT TO SUBSECTION (B) OF THIS SECTION, THIS**”; and after line 10, insert:

“(B) AFTER THE TERMINATION OF THIS PART, A BUSINESS ENTITY MAY CONTINUE TO RECEIVE A BENEFIT AUTHORIZED UNDER THIS PART UNTIL THE DATE THAT THE RISE ZONE IN WHICH THE BUSINESS ENTITY IS LOCATED WOULD OTHERWISE HAVE EXPIRED BUT FOR SUBSECTION (A) OF THIS SECTION.”.

On page 65, in line 3, after the semicolon insert “**AND**”; and strike beginning with “the” in line 4 down through “(4)” in line 6.

On page 66, after line 6, insert:

“(c) If a business entity does not claim an enhanced tax credit under subsection (e) of this section for a focus area employee, for the taxable year in which a business entity satisfies the requirements of § 5-707 or [§ 5-1406] § 10-142 of the Economic Development Article, a credit is allowed that equals:

- (1) up to \$3,000 of the wages paid to each qualified employee who:**
 - (i) is an economically disadvantaged individual; and**
 - (ii) is not hired to replace an individual whom the business entity employed in that or any of the 3 preceding taxable years; and**
- (2) up to \$1,000 of the wages paid to each qualified employee who:**

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(i) is not an economically disadvantaged individual; and

(ii) is not hired to replace an individual whom the business entity employed in that or any of the 3 preceding taxable years.

(e) (1) For the taxable year in which a business entity satisfies the requirements of §§ 5–706 and 5–707 or [§ 5–1406] § 10–142 of the Economic Development Article, a credit is allowed that equals:

(i) up to \$4,500 of the wages paid to each focus area employee
who:

1. is an economically disadvantaged individual; and

2. is not hired to replace an individual whom the business entity employed in that year or any of the 3 preceding taxable years; and

(ii) up to \$1,500 of the wages paid to each focus area employee
who:

1. is not an economically disadvantaged individual; and

2. is not hired to replace an individual whom the business entity employed in that year or any of the 3 preceding taxable years.”.

On page 69, in line 17, strike “**IF**” and substitute “**FOR A TAXABLE YEAR BEGINNING AFTER DECEMBER 31, 2026, IF**”; in line 27, strike the brackets; and in the same line, strike “**75%**”.

On page 70, strike in their entirety lines 16 through 18, inclusive.

On page 71, after line 18, insert:

“(A-1) THE PURPOSE OF THE TAX CREDIT ALLOWED UNDER THIS SECTION IS TO INCENTIVIZE AND PROMOTE FILM PRODUCTION ACTIVITY IN THE STATE TO STIMULATE THE LOCAL ECONOMY BY CREATING JOBS, FOSTERING INVESTMENT IN INDUSTRY INFRASTRUCTURE, AND BOOSTING TOURISM.”.

On page 73, in lines 18 and 20, in each instance, strike the bracket; in line 18, strike “The” and substitute “(I) EXCEPT AS PROVIDED IN SUBPARAGRAPH (II) OF THIS PARAGRAPH, THE”; and after line 19, insert:

“(II) FOR FISCAL YEARS 2027 THROUGH 2030, THE SECRETARY MAY NOT ISSUE TAX CREDIT CERTIFICATES FOR CREDIT AMOUNTS TOTALING MORE THAN \$30,000,000 IN THE AGGREGATE FOR A SINGLE FILM PRODUCTION ACTIVITY.”.

On pages 75 and 76, strike in their entirety the lines beginning with line 1 on page 75 through line 13 on page 76, inclusive.

On page 78, after line 25, insert:

“9-230.

(m) (1) On October 1 [of each year], 2026, AND EACH OCTOBER 1 THEREAFTER, each county and municipal corporation that has granted tax credits under this section shall report to the Department[, the Department of Commerce, and the Comptroller]:

[(1)] (I) [the amount of] FOR each credit granted for that year, THE FOLLOWING INFORMATION:

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1. THE AMOUNT OF THE CREDIT;
2. THE NAME AND ADDRESS OF THE BUSINESS ENTITY;
3. THE INVESTMENT ASSOCIATED WITH THE CREDIT;
4. WHETHER THE CREDIT RESULTED FROM AN EXPANSION, A RELOCATION, OR A NEW BUSINESS;
5. THE NUMBER OF JOBS ASSOCIATED WITH THE CREDIT;
6. WHETHER THE BUSINESS ENTITY HAD A PRESENCE IN THE STATE PRIOR TO RECEIVING THE CREDIT AND THE BUSINESS ENTITY'S YEARS OF OPERATION; AND
7. THE TOTAL NUMBER OF INDIVIDUALS EMPLOYED BY THE BUSINESS ENTITY; and

[(2)] (II) whether the business entity is in compliance with the requirements for the tax credit.

(2) ON OR BEFORE DECEMBER 31, 2026, AND EACH DECEMBER 31 THEREAFTER, THE DEPARTMENT SHALL AGGREGATE THE REPORTS RECEIVED UNDER PARAGRAPH (1) OF THIS SUBSECTION AND SUBMIT A COMBINED REPORT TO THE GENERAL ASSEMBLY, IN ACCORDANCE WITH § 2-1257 OF THE STATE GOVERNMENT ARTICLE, INCLUDING ANY FINDINGS OR RECOMMENDATIONS.”.

On page 80, after line 16, insert:

“SECTION 8. AND BE IT FURTHER ENACTED, That:

(a) On or before December 1, 2026, the Office of the Comptroller shall report to the General Assembly, in accordance with § 2–1257 of the State Government Article, on its current ability to track credits carried forward under § 10–721 of the Tax – General Article and potential methods to improve that tracking.

(b) On or before December 1, 2026, the Department of Commerce shall report to the General Assembly, in accordance with § 2–1257 of the State Government Article, on whether the refundable credit allowed under § 10–721(d)(2) of the Tax – General Article for small businesses is underutilized and, if so, potential reasons for and methods to address that underutilization.

SECTION 9. AND BE IT FURTHER ENACTED, That:

(a) On or before December 1, 2026, the Department of Commerce shall evaluate the tax credit allowed under § 10–730 of the Tax – General Article, as enacted under Section 5 of this Act, and report to the General Assembly, in accordance with § 2–1257 of the State Government Article, on the tax credit.

(b) The report under subsection (a) of this section shall include recommendations on how the tax credit could be improved or streamlined, including potential reforms to:

- (1) the list of eligible production activities;
- (2) the small or independent film entity eligibility requirements, including hiring requirements, and designated funding levels;
- (3) the minimum in-State spending requirements for larger film production entities; and

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(4) the qualifying costs, including whether qualifying costs would be better defined by administrative regulation.”;

and in lines 17, 19, 21, 23, and 24, strike “8.”, “9.”, “10.”, “11.”, and “10”, respectively, and substitute “10.”, “11.”, “12.”, “13.”, and “12”, respectively.