

FACTSHEET: Promoting ext-Raordinary Innovation in Maryland's Economy ("PRIME") Act

This program is intended for a Fortune 100 company that pays an average of \$100,000 annually at a newly created headquarters facility in the State. Additionally, this company must commit to spending a minimum of \$5 billion in capital expenditures over 17 years, including \$500 million in initial project costs, and employ at least 40,000 people over the 17-year period.

This legislation provides the following benefits, for 10 years:

- 1) A credit against the state income tax – equivalent to 5.75% of wages to each new qualifying headquarters job.
 - a. For purposes of the company's build out of jobs, each job will qualify for the 10-year tax credit beginning the year it is created.
 - b. To qualify for the tax credit, a qualified position must be hired no later than 17 years after the project is enrolled in the program.
 - c. Qualified positions are full time, new and pay at least \$60,000 but not more than \$500,000 annually.
- 2) A credit against the state and local property tax.
 - a. The State will reimburse the local jurisdiction half of what would have been collected if the property tax had not been granted.
- 3) An exemption from sales and use tax for construction material or warehousing equipment used in the project.

Administration of the Program:

- 1) The Company must submit a notice of intent to the Maryland Department of Commerce that they will seek designation as an eligible project.
- 2) Commerce will certify a business if it meets the requirements under this program.
- 3) From there, the business will submit to a Commerce an application with the following information:
 - a. Anticipated date of establishment and its location
 - b. Evidence that the project will function as a headquarters
 - c. Anticipated number of qualified employees and anticipated payroll
 - d. Evidence that it's legally committed to expend \$500 million in project costs
 - e. Any other information Commerce requires
- 4) The business is also required to submit a project plan to Commerce that commits to carry out the following activities over a 17-year period:
 - a. Hire at least 40,000 qualified positions
 - b. Compensate the qualified positions an amount that, on average, equals at least \$100,000
- 5) Commerce is provided authority to claw back all or any portion of a tax credit that has already been claimed if: (1) any representation made by the applicant was false when made, or (2) if the actual hiring and expenditures made for the project are significantly lower than the projections made in the project plan are, as determined by Commerce.
 - a. The bill also provides that if the number of qualified positions at the facility ever declines below the number of qualified positions for which the company received a benefit in the first benefit year, the company's enrollment in the program ceases.
- 6) This act will take effect June 2018.