

# OneMaryland Tax Credit

## *Basic description and objectives of program*

**OneMaryland** is considered a “legacy” State income tax credit program, one that has been on the books for nearly three decades. It has been recently updated and streamlined. It remains a tax credit vehicle most appropriate for companies expanding or moving into the state, with accompanying significant capital investment and generation of net new jobs. Certain jurisdictions are eligible.

## *Eligibility/Jurisdictions*

Categories of eligible business operations are broad; retail is excluded. Eligibility for non-profit operations is more complex and should be explored with the program administrators.

The State has created a list of eligible “Tier I” counties that meet certain economic distress metrics. Baltimore City has traditionally been eligible and remains on the Tier I list. Several rural counties are Tier I as well.

## *Eligibility/Net New Jobs and Capital Investment*

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:

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

## *What makes for a “qualified job”*

- 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.

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### **Eligible Project Costs**

- Most hard and soft costs associated with new construction or renovation.
- May also include some furniture and equipment.
- Must be at least \$500,000.
- Lease costs should be reviewed and approved by the administrators.

### **How it works**

- The business applies the credit against its State income tax liability.
- Project tax credit may be carried forward for 10 years after the credit year.
- Beginning 4 years following the credit year, the business may apply the credit against its state income tax liability and claim a refund. The amount of the refund is limited annually to the payroll withholding of the qualified positions.

### **Who administers**

Tax credit administrators in the Maryland Department of Commerce, in the Finance group. [www.commerce.maryland.gov/fund](http://www.commerce.maryland.gov/fund)

### **Mechanics of the program**

A business must be certified as a qualified business entity eligible for the One Maryland Tax Credit. Applications for certification are available from Commerce.

Administrators of the program will require documentation of acquisition or lease, construction documents or other documentation of intended capital expenditures, and information on projected number of hires and compensation levels.

There are ongoing business entity responsibilities for documentation and reporting.

### **Risks and Limitations**

If the required number or timing of net new jobs (or capital investment) is not able to be documented, anticipated level of tax benefit is not realized.

Hires and/or capital investments must be made after a company notifies the Department of Commerce in writing of its intent to seek certification for a One Maryland Tax Credit.

