

**MARYLAND
FORM
500CR**

**ATTACH TO:
Maryland Form
500, 502, 504, 505 or 510**

BUSINESS TAX CREDITS

**FOR TAX YEARS BEGINNING IN 2000
TAX YEAR BEGINNING _____, 2000
ENDING _____, _____**

2000

Name as shown on Form 500, 502, 504, 505 or 510

Taxpayer Identification Number

SEE INSTRUCTIONS

Check here if any of the following credits are from a pass-through entity and enter the entity's federal employer identification number. FEIN -

PART A - ENTERPRISE ZONE TAX CREDIT

PART A - I CREDIT FOR ECONOMICALLY DISADVANTAGED EMPLOYEES

- 1. Number of employees eligible. First year Second year Third year
- 2. Credit for first year (limited to \$1,500 of wages paid to each employee)
- 3. Credit for second year (limited to \$1,000 of wages paid to each employee)
- 4. Credit for third year (limited to \$500 of wages paid to each employee)
- 5. Total (Add lines 2, 3 and 4.)

PART A - II CREDIT FOR OTHER QUALIFIED EMPLOYEES

- 6. Number of employees eligible for credit but not included in Part A-I
- 7. Credit (limited to \$500 of wages paid to each employee)

**PART A - III CREDIT FOR ECONOMICALLY DISADVANTAGED EMPLOYEES
LOCATED IN A FOCUS AREA**

- 8. Number of employees eligible. First year Second year Third year
- 9. Credit for first year (limited to \$3,000 of wages paid to each employee)
- 10. Credit for second year (limited to \$2,000 of wages paid to each employee)
- 11. Credit for third year (limited to \$1,000 of wages paid to each employee)
- 12. Total (Add lines 9, 10 and 11.)

**PART A - IV CREDIT FOR OTHER QUALIFIED EMPLOYEES LOCATED
IN A FOCUS AREA**

- 13. Number of employees eligible for credit but not included in Part A-III
- 14. Credit (limited to \$1,000 of wages paid to each employee)

PART A - SUMMARY

- 15. Total credit for wages paid in the current tax year (Add lines 5, 7, 12 and 14.)

PART B - EMPLOYMENT OPPORTUNITY TAX CREDIT

PART B - I CREDIT FOR QUALIFIED EMPLOYMENT OPPORTUNITY EMPLOYEES HIRED PRIOR TO 6/1/98

1. Number of employees eligible. First year Second year Third year

2. Credit for first year (limited to 30% of first \$6,000 of wages paid to each employee)		
3. Credit for second year (limited to 20% of first \$6,000 of wages paid to each employee)		
4. Credit for third year (limited to 10% of first \$6,000 of wages paid to each employee)		
5. Total (Add lines 2, 3 and 4.)		

PART B - II CREDIT FOR QUALIFIED CHILD CARE EXPENSES FOR EMPLOYEES HIRED PRIOR TO 6/1/98

6. Number of employees eligible. First year Second year Third year

7. Credit for first year (limited to \$600 of child care expenses incurred for each qualified employee)		
8. Credit for second year (limited to \$500 of child care expenses incurred for each qualified employee)		
9. Credit for third year (limited to \$400 of child care expenses incurred for each qualified employee)		
10. Total (Add lines 7, 8 and 9.)		

PART B - III CREDIT FOR QUALIFIED EMPLOYMENT OPPORTUNITY EMPLOYEES HIRED ON OR AFTER 6/1/98

11. Number of employees eligible. First year Second year Special AFDC

12. Credit for first year (limited to 30% of first \$6,000 of wages paid to each employee)		
13. Credit for second year (limited to 20% of first \$6,000 of wages paid to each employee)		
14. Special AFDC credit (limited to 40% of first \$10,000 of wages paid to each employee)		
15. Total (Add lines 12, 13 and 14.)		

PART B - IV CREDIT FOR QUALIFIED CHILD CARE AND TRANSPORTATION EXPENSES FOR EMPLOYEES HIRED ON OR AFTER 6/1/98

16. Number of employees eligible. First year Second year

17. Credit for first year (limited to a total of \$600 in child care and transportation expenses incurred for each qualified employee)		
18. Credit for second year (limited to a total of \$500 in child care and transportation expenses incurred for each qualified employee)		
19. Total (Add lines 17 and 18.)		

PART B - SUMMARY

20. Total credit for wages paid and child care and transportation expenses incurred in the current tax year (Add lines 5, 10, 15 and 19.)		
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PART C - MARYLAND DISABILITY EMPLOYMENT TAX CREDIT

PART C - I CREDIT FOR DISABLED EMPLOYEES HIRED PRIOR TO 7/1/00

1. Credit for first year (limited to 20% of first \$6,000 of wages paid to each employee)		
2. Credit for second year (limited to 20% of first \$6,000 of wages paid to each employee)		
3. Total (Add lines 1 and 2.)		

PART C - II CREDIT FOR DISABLED EMPLOYEES HIRED ON OR AFTER 7/1/00

4. Credit for first year (limited to 30% of first \$6,000 of wages paid to each employee)		
5. Credit for second year (limited to 20% of first \$6,000 of wages paid to each employee)		
6. Total (Add lines 4 and 5.)		

PART C - III CREDIT FOR QUALIFIED CHILD CARE AND TRANSPORTATION EXPENSES

7. Credit for first year (limited to a combined total of \$600 in child care and transportation expenses incurred for each qualified employee with a disability)		
8. Credit for second year (limited to a combined total of \$500 in child care and transportation expenses incurred for each qualified employee with a disability)		
9. Total (Add lines 7 and 8.)		

PART C - SUMMARY

10. Total credit for wages paid and child care and transportation expenses incurred in the current tax year (Add lines 3, 6 and 9.)		
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PART D - JOB CREATION TAX CREDIT

PART D - I CREDIT FOR QUALIFIED EMPLOYEES EMPLOYED BY A QUALIFIED ENTITY

1. Total number of positions eligible for credit for current year		
2. Multiply line 1 by \$1,000		
3. Enter 2.5% of wages paid to each position on line 1		
4. Enter the lesser of lines 2 or 3		

PART D - II CREDIT FOR QUALIFIED EMPLOYEES WORKING IN A FACILITY LOCATED IN A REVITALIZATION AREA

5. Total number of positions eligible for credit for current year		
6. Multiply line 5 by \$1,500		
7. Enter 5% of wages paid to each position on line 5		
8. Enter the lesser of lines 6 or 7		

PART D - SUMMARY

9. Total credits calculated for the current year (Add lines 4 and 8.)		
10. Enter lesser of line 9 or \$1,000,000		
11. Total current year credits available (Multiply line 10 by 50%.)		
12. Enter remaining 50% of credits from prior year		
13. Total credits available (Add lines 11 and 12.)		

PART E - NEIGHBORHOOD PARTNERSHIP PROGRAM TAX CREDIT

(Formerly known as the neighborhood and community assistance program tax credit)

1. Amount of approved contributions		
2. Enter 50% of line 1		
3. \$125,000 (maximum credit)	125,000	
4. Enter lesser of line 2 or 3		

PART F - BUSINESSES THAT CREATE NEW JOBS TAX CREDIT

1. Property tax credit (certified by the Department of Assessments and Taxation)		
2. Enhanced property tax credit (certified by the Department of Assessments and Taxation)		
3. Total (Add lines 1 and 2.)		

PART G - HERITAGE AREA TAX CREDIT

1. Credit (from Form 502H)		
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PART H - WATER QUALITY IMPROVEMENT CREDIT

1. Credit (amount certified by the Department of Agriculture - may not exceed \$4,500)		
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PART I - EMPLOYER PROVIDED LONG-TERM CARE INSURANCE CREDIT

1. Enter 5% of long-term insurance costs		
2. Multiply the number of eligible employees <input type="text"/> by \$100		
3. \$5,000 (maximum credit)	5,000	
4. Enter the lesser of lines 1, 2 or 3		

PART J - WORK-BASED LEARNING PROGRAM CREDIT

1. Number of eligible student employees	<input type="text"/>	
2. Enter 15% of wages paid to each student employee	<input type="text"/>	

(Cumulative credit for this year and all prior years may not exceed \$1,500 per employee.)

PART K - TELECOMMUNICATIONS PROPERTY TAX CREDIT

1. Enter 60% of the total state, county and municipal corporation property taxes		
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(No carryovers are allowed for this credit.)

PART L - RESEARCH AND DEVELOPMENT TAX CREDIT

1. 3% credit (amount certified by the Department of Business and Economic Development)		
2. 10% credit (amount certified by the Department of Business and Economic Development)		
3. Total (Add lines 1 and 2.)		

PART M - ELECTRIC AND GAS TAX CREDIT

1. Enter 60% of the total state, county and municipal corporation property taxes.		
2. Enter 25% of the wages paid to employees at the company's Maryland headquarters.		
3. Total (Add lines 1 and 2.)		

(This credit is limited to \$2,000,000, or if the headquarters in Maryland is not the principal place of business, the limitation is \$500,000.)

(No carryovers are allowed for this credit.)

PART N - COMMUTER TAX CREDIT

1. Amount of commuter benefits paid		
2. Enter 50% of line 1		
3. Number of employees for which commuter benefits were paid		
4. Multiply the number of employee months <input type="text"/> by \$30		
5. Enter the lesser of line 2 or 4		

(No carryovers are allowed for this credit.)

PART O - CLEAN ENERGY INCENTIVE TAX CREDIT**PART O - I CREDIT FOR PHOTOVOLTAIC PROPERTY**

1. Enter 15% of the cost of photovoltaic property		
2. Enter the lesser of line 1 or \$2,000		

PART O - II CREDIT FOR SOLAR WATER HEATING PROPERTY

3. Enter 15% of the cost of solar water heating property		
4. Enter the lesser of line 3 or \$1,000		

PART O - SUMMARY

5. Total credit for clean energy incentives (Add lines 2 and 4.)		
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(No carryovers are allowed for this credit.)

PART P - MARYLAND-MINED COAL TAX CREDIT

1. Number of tons of Maryland-mined coal purchased in excess of the tonnage purchased in 1986		
2. Multiply line 1 by \$3		

PART Q - ONE MARYLAND ECONOMIC DEVELOPMENT TAX CREDIT**PART Q - I CREDIT FOR PROJECT COSTS**

1. Amount of qualified project costs (\$500,000 minimum)		
2. Enter the lesser of line 1 or \$5,000,000		
3. Enter the project cost credits taken in prior tax years (see instructions)		
4. Subtract line 3 from line 2		
5. Maryland tax liability on net taxable income from this project		
6. Enter the lesser of line 4 or line 5		

PART Q - II CREDIT FOR START-UP COSTS

7. Amount of qualified start-up costs incurred in tax year 2000		
8. Enter the lesser of line 7 or \$500,000		
9. Enter the start-up cost credits taken in prior years (see instructions)		
10. Subtract line 9 from line 8		
11. Multiply the number of qualified employees <input type="text"/> times \$10,000		
12. Enter the lesser of line 10 or line 11		

PART Q - SUMMARY

13. Total credit for One Maryland Economic Development (Add lines 6 and 12.)		
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BUSINESS TAX CREDITS

GENERAL INSTRUCTIONS

Purpose of Form. Form 500CR is used to claim business tax credits against corporation, personal or fiduciary income tax.

The tax credits available to be reported on this form are: **Enterprise Zone Tax Credit, Employment Opportunity Tax Credit*, Maryland Disability Employment Tax Credit*, Job Creation Tax Credit, Neighborhood Partnership Program Tax Credit, Businesses that Create New Jobs Tax Credit, Heritage Area Tax Credit, Water Quality Improvement Credit, Employer Provided Long-term Care Insurance Credit, Work-based Learning Program Credit, Telecommunications Property Tax Credit, Research and Development Tax Credit, Electric and Gas Tax Credit, Commuter Tax Credit, Clean Energy Incentive Tax Credit, Maryland-mined Coal Tax Credit and One Maryland Economic Development Tax Credit.**

***Tax-exempt organizations.** For application of these credits against employer withholding tax, see Administrative Release No. 34.

Pass-through entities (PTE's). If the business is a pass-through entity, Form 500CR must be submitted with the pass-through entity tax return (Form 510) and the pass-through entity must provide each individual partner, shareholder or member with a statement showing their share of the credit.

Credits received from pass-through entities. Check the box on page 1 of Form 500CR to indicate credits are from a PTE and enter the PTE's federal employer identification number (FEIN).

Record the credit amounts as shown on the statement received from the PTE on the appropriate lines in Part R. Attach this statement and Form 500CR to your tax return.

Name and Other Information. Type or print the name as shown on Form 500, 502, 504, 505 or 510 in the designated area. Enter the taxpayer identification number (Social Security number or federal identification number). If a federal employer identification number (FEIN) is to be used and has not been secured, enter "APPLIED FOR" followed by the date of application. If you have not applied for a FEIN, please do so immediately.

Taxable Year or Period. Enter the beginning and ending dates in the space provided at the top of Form 500CR. The form used for filing must reflect the same tax year as the annual tax return.

When and Where to File. Form 500CR must be attached to the annual return (Form 500, 502, 504, 505 or 510) and filed with the Comptroller of Maryland, Revenue Administration Division, Annapolis, Maryland 21411-0001.

PART A - ENTERPRISE ZONE TAX CREDIT

General Requirements. Businesses located in an enterprise zone may be eligible for tax credits based upon wages paid to qualifying employees. For information on the location of enterprise zones and the standards which businesses must meet to qualify, contact the Maryland Department of Business and Economic Development, Division of Business Development, Tax Incentives Group, 217 E. Redwood Street, Baltimore, MD 21202 (410-767-6438).

Businesses owning, operating, developing, constructing or rehabilitating property intended for use primarily as single- or multi-family residential property are not eligible for the enterprise zone tax credit.

Qualifying employees are those employees who:

1. are new employees or employees rehired after being laid off for more than one year;
2. were employed at least 25 hours per week by the business for at least six months before or during the business entity's taxable year for which a credit is claimed;
3. spent at least one-half of their working hours in the enterprise zone on activities of the business resulting directly from its location in the enterprise zone; and
4. were hired by the business after the later of the date on which the enterprise zone was designated or the date on which the business entity located in the enterprise zone.

In addition, an employee may not have been hired to replace an individual employed by the business in that or the three previous tax years except an economically disadvantaged employee hired to replace a previously qualified economically disadvantaged employee, for whom the business received the corresponding first- or second-year credit in the immediately preceding tax year.

Economically disadvantaged employees are those who are certified as such by the Maryland Department of Labor, Licensing and Regulation, Division of Employment and Training, 1100 N. Eutaw Street, Baltimore, MD 21201 (410-767-2047). That office will provide information relating to certification requirements for such employees.

Specific Requirements

Complete Parts A-I and A-II if you are located in an enterprise zone but not in a focus area. Complete Parts A-III and A-IV if you are located in a focus area.

Part A-I Credit for economically disadvantaged employees. A credit is allowed for each new economically disadvantaged employee for a three-year period beginning with the year the employee was qualified. The credits are limited to the following amounts of wages paid to the same economically disadvantaged employee: \$1,500 in the first year, \$1,000 in the second year and \$500 in the third year. If the employee replaced a previously qualified economically disadvantaged employee, the credit for the new employee will be the same as would have been allowed for the replaced employee.

Part A-II Credit for other qualified employees. A credit is allowed for each new qualified employee not provided in Part A-I. The credit is limited to \$500 of wages paid and is applicable for only the first year the employee was qualified.

Part A-III Credit for economically disadvantaged employees located in a focus area. A credit is allowed for each new economically disadvantaged employee for a three-year period beginning with the year the employee was qualified. The credits are limited to the following amounts of wages paid to the same economically disadvantaged employee: \$3,000 in the first year, \$2,000 in the second year and \$1,000 in the third year. If the employee replaced a previously qualified economically disadvantaged employee, the credit for the new employee will be the same as would have been allowed for the replaced employee.

Part A-IV Credit for other qualified employees located in a focus area. A credit is allowed for each new qualified employee not provided in Part A-III. The credit is limited to \$1,000 of wages paid and is applicable for only the first year the employee was qualified.

Part A-Summary. Add lines 5,7,12 and 14 and enter total.

Whenever an Enterprise Zone Tax Credit is claimed against the income tax, an addition modification must be made in the tax year for which the wages claimed as a credit were paid. The modification increases the taxable income base to the extent of the total credit claimed against the tax liability for the tax year.

PART B - EMPLOYMENT OPPORTUNITY TAX CREDIT

General Requirements. Businesses that employ persons receiving "Aid to Families with Dependent Children" (AFDC) may be eligible for tax credits based upon wages paid to qualified employees and child care and transportation expenses paid on behalf of qualified employees. The available credits depend on whether the qualified employees were hired prior to or after June 1, 1998. See the specific requirements for more details.

Qualifying employees are those who are residents of Maryland and who, immediately before going to work for the business, were Maryland residents and recipients of state benefits from the AFDC Program. Qualified employment opportunity employees are those who are certified as such by the Maryland Department of Labor, Licensing and Regulation, Division of Employment and Training, 1100 N. Eutaw Street, Baltimore, MD 21201 (410-767-2080).

Qualifying child care expenses are those expenses incurred by a business to enable a qualified employment opportunity employee of the business to be gainfully employed.

Qualifying transportation expenses are those expenses incurred by a business to enable a qualified employment opportunity employee to travel to and from work.

In addition, an employee may not have been hired to replace a laid-off employee or to replace an employee who is on strike or for whom the business simultaneously receives federal or state employment training benefits.

A business must also notify the Maryland Department of Business and Economic Development that the qualified employment opportunity employee has been hired.

For further information on qualified individuals and the requirements businesses must meet to qualify, contact the Maryland Department of Labor, Licensing and Regulation, Division of Employment and Training, 1100 N. Eutaw Street, Baltimore, MD 21201 (410-767-2047).

Specific Requirements.

Part B-1 Credit for Qualified Employment Opportunity Employees (hired prior to June 1, 1998). A credit is allowed for each new AFDC recipient employee for a three-year period beginning with the year the employee was qualified. The credit for each AFDC recipient hired shall be equal to and may not exceed 30% of the first \$6,000 of qualified first-year wages for the first year of employment, 20% of the first \$6,000 of qualified wages for the second year of employment and 10% of the first \$6,000 of qualified wages for the third year of employment.

The employer is not entitled to claim the credit until employment has continued for at least one full year unless the employee (a) voluntarily leaves the employer, (b) becomes disabled or (c) is terminated for cause.

Part B-II Credit for Qualified Child Care Expenses (for employees hired prior to June 1, 1998). A credit is allowed for the child care expenses incurred by the employer for the children of qualified employees described in Part B-I. If the employer provides or pays for approved day care services for a child or children of the em-

ployee, the employer shall be eligible for an additional credit of \$600 for the first year of employment, \$500 for the second year and \$400 for the third year. To verify if a child care center qualifies as an approved provider, contact the Department of Human Resources, Child Care Administrator for the county or city in which the child care center is located.

Part B-III Credit for Qualified Employment Opportunity Employees (hired on or after June 1, 1998). A credit is allowed for each new AFDC recipient employee for a two-year period beginning with the year the employee was qualified. The credit for each AFDC recipient hired shall be equal to 30% of the first \$6,000 of qualified wages for the first year of employment and 20% of the first \$6,000 of qualified wages for the second year of employment. A special one-year credit may be taken for 40% of the first \$10,000 of wages paid to an employment opportunity employee if:

1. the employee has been a recipient of temporary assistance under the AFDC program for at least 18 of the last 48 months (whether consecutive or not); and
2. has been employed for a full year by the employer claiming the credit.

The same employee may not be used to qualify for both the two-year and special one-year credits.

The employer is not entitled to claim the credit until employment has continued for at least one full year unless the employee (a) voluntarily leaves the employer, (b) becomes disabled or (c) is terminated for cause.

Part B-IV Credit for Qualified Child Care and Transportation Expenses (for employees hired on or after June 1, 1998). A credit is allowed for the child care expenses incurred by the employer for the children of qualified employees. If the employer provides or pays for approved day care services for a child or children of the employee, or pays for transportation expenses that are incurred to enable a qualified employee with a disability to travel to and from work, the employer shall be eligible for an additional credit of up to \$600 for the first year of employment and up to \$500 for the second year. To verify if a child care center qualifies as an approved provider, contact the Department of Human Resources, Child Care Administrator for the county or city in which the child care center is located.

Part B-Summary. Add lines 5,10,15 and 19.

Whenever an Employment Opportunity Tax Credit is claimed against the income tax, an addition modification must be made in the taxable year for which the wages or child care expenses claimed as a credit were paid. The modification increases the taxable income base to the extent of the total credit claimed against the tax liability for the taxable year.

PART C - MARYLAND DISABILITY EMPLOYMENT TAX CREDIT

General Requirements. Businesses who employ persons with disabilities as determined by the Maryland Department of Labor, Licensing and Regulation may be eligible for tax credits based upon wages paid to the qualified employees, child care expenses and transportation expenses paid on behalf of the qualified employees.

Qualifying employees with a disability are those who are certified as such by the Maryland Department of Labor, Licensing and Regulation, Division of Employment and Training, 1100 N. Eutaw Street, Baltimore, MD 21201 (410-767-2047).

In addition to being certified, a "Qualified Employee" with a disability means an individual who:

1. meets the definition of an individual with a disability as defined by the Americans with Disability Act;
2. has a disability that presently constitutes an impediment to obtaining or maintaining employment or to transitioning from school to work; and
3. is ready for employment; or
4. is a veteran who has been discharged or released from active duty by the American Armed Forces for a service-connected disability.

Qualifying child care expenses are those expenses incurred by a business to enable a qualified employee with a disability to be gainfully employed.

Transportation expenses are those expenses incurred by a business entity to enable a qualified employee with a disability to travel to and from work.

In addition, an employee must not have been hired to replace a laid-off employee or to replace an employee who is on strike or for whom the business simultaneously receives federal or state employment training benefits.

Specific Requirements

Part C-I Credit for disabled employees hired prior to 7/1/00. A credit is allowed for each new employee with a disability for a two-year period beginning with the year the employee was qualified. The credit for each disabled employee hired shall be equal to and may not exceed 20% of the first \$6,000 of qualified first and second year wages.

The employer is not entitled to claim the credit until employment has continued for at least one full year unless the employee (a) voluntarily leaves the employer, (b) becomes further disabled or death occurs or (c) is terminated for cause.

Part C-II Credit for disabled employees hired on or after 7/1/00. A credit is allowed for each new employee with a disability for a two-year period beginning with the year the employee was qualified. The credit for each disabled employee hired shall be equal to and may not exceed 30% of the first \$6,000 of qualified first year wages and 20% of the first \$6,000 of qualified second year wages.

The employer is not entitled to claim the credit until employment has continued for at least one full year unless the employee (a) voluntarily leaves the employer, (b) becomes further disabled or death occurs or (c) is terminated for cause.

Part C-III Credit for Qualified Child Care and Transportation Expenses. A credit is allowed for the child care expenses incurred by the employer for the children of qualified employees described in Part C-I. If the employer provides or pays for approved day care services for a child or children of the employees, or pays for transportation expenses that are incurred to enable a qualified employee with a disability to travel to and from work, the employer shall be eligible for an additional credit of up to \$600 for the first year of employment and up to \$500 for the second year. To verify if a child care center qualifies as an approved provider, contact the Department of Human Resources, Child Care Administrator for the county or city in which the child care center is located.

Part C-Summary. Add lines 3, 6 and 9.

Whenever this credit is claimed against the income tax, an addition modification must be made in the taxable year for which the wages, child care or transportation expenses claimed as a credit

were paid. The modification increases the taxable income base to the extent of the total credit claimed against the tax liability for the tax year.

Credit shall be allowed only for employees hired before July 1, 2003.

No credits may be earned for any tax year beginning on or after January 1, 2006.

PART D - JOB CREATION TAX CREDIT

General Requirements. Certain businesses that create new qualified positions in Maryland may be eligible for tax credits based on the number of qualified positions created or wages paid for these qualified positions.

The business facility must be certified as having created at least 60 qualified positions or at least 30 high-paying qualified positions or 25 qualified positions if the business facility established or expanded is in a State Priority Funding Area. A qualified employee is an employee filling a qualified position.

A qualified position is a full-time position which pays at least 150% of the federal minimum wage, is located in Maryland, is newly created as a result of the establishment or expansion of a business facility in a single location in the state and is filled. Qualified business entities are those that are certified as such by the Maryland Department of Business and Economic Development.

This credit has a claw-back provision that provides recapture if the entity does not maintain the number of qualified positions upon which the credit was based.

For certification or for information on the standards that businesses must meet to qualify, contact the Maryland Department of Business and Economic Development, Division of Business Development, Tax Incentives Group, 217 E. Redwood Street, Baltimore, MD 21202 (410-767-6438).

No credits may be earned for any tax year beginning on or after January 1, 2007.

Specific Requirements.

Part D-1 Credit for qualified employees employed by a qualified entity. A credit is allowed for each newly created qualified filled position. The credits are limited to the lesser of \$1,000 multiplied by the number of filled qualified positions of a qualified entity during the credit year or 2.5% of the wages paid for a filled qualified position by a qualified entity for the credit year.

Part D-II Credit for qualified employees working in a facility located in a Revitalization Area. A credit is allowed for each newly created qualified filled position located in a Revitalization Area. The credits are limited to the lesser of \$1,500 multiplied by the number of filled qualified positions or 5% of the wages paid for a qualified position in a Revitalization Area.

Part D - Summary. Add lines 4 and 8 and enter total on line 9. The unused amount of the credit may be carried over to the next year. The amount of credits allowed for any credit year cannot exceed \$1,000,000. The total credit will be taken over a two-year period. One-half of the credit will be allowed each year.

NOTE: A copy of the certification from the Department of Business and Economic Development must be included with Form 500CR.

PART E - NEIGHBORHOOD PARTNERSHIP PROGRAM TAX CREDIT (formerly known as the NEIGHBORHOOD AND COMMUNITY ASSISTANCE PROGRAM TAX CREDIT)

General Requirements. Certain businesses that contribute to approved Neighborhood Partnership Programs may be eligible for a credit against the state income tax. Contributions must be made to a nonprofit organization approved by the Department of Housing and Community Development. The business must apply to and receive approval by the Department of Housing and Community Development for each contribution for which the corporation claims a credit. The credit is limited to 50% of the approved contributions not to exceed \$125,000.

For further information contact the Department of Housing and Community Development, 100 Community Place, Crownsville, MD 21032-2023 (410-514-7241).

PART F - BUSINESSES THAT CREATE NEW JOBS TAX CREDIT

General Requirements. Certain businesses and other affiliates located in Maryland that create new positions or establish or expand business facilities in the state will be entitled to a credit or an enhanced credit against state tax if a property tax credit is granted by the Mayor and City Council of Baltimore City or the governing body of a county or municipal corporation.

These credits are based on percentages of the property tax liability as certified by the State Department of Assessments and Taxation. Enter the certified amount on lines 1 or 2 as applicable.

A business entity is required to recapture the state income tax credit earned, if during the three (3) tax years succeeding any year in which a credit was earned, the business entity fails to satisfy the applicable thresholds to qualify for the tax credit.

The enhanced credit is applicable for all tax years beginning after December 31, 1998.

For further information contact the State Department of Assessments & Taxation, 301 W. Preston Street, Baltimore, MD 21201-2395 (410-767-1191).

PART G - HERITAGE AREA TAX CREDIT

See instructions for Form 502H.

PART H - WATER QUALITY IMPROVEMENT CREDIT

A credit is allowed for 50% of the certified additional commercial fertilizer costs necessary to convert agricultural production to a nutrient management plan. The credit may not exceed \$4,500 per tax year and may be claimed for up to a maximum of 3 consecutive years. Certification of the credit must be obtained from the Maryland Department of Agriculture.

This credit is applicable for tax years beginning after December 31, 1998 but before January 1, 2009.

For further information contact the Department of Agriculture, Nutrient Management Program, 50 Harry S. Truman Parkway, Annapolis, MD 21401 (410-841-5959).

PART I - EMPLOYER PROVIDED LONG-TERM CARE INSURANCE

A credit is allowed for certain costs incurred by employers that provide to their employees long-term care insurance as part of their benefits package. The employer may claim a tax credit in an amount equal to 5% of the costs incurred to provide long-term care insurance. The credit is limited to \$100 for each Maryland employee covered by long-term care insurance provided under the employee benefit package with a maximum of \$5,000.

PART J - WORK-BASED LEARNING PROGRAM CREDIT

A credit is allowed for wages paid to each student employee under an approved paid work-based learning program. This credit is for up to 15% of the wages paid to each individual student not to exceed a cumulative amount of \$1,500 per student for the duration of the program.

For further information on qualified students and the requirements employers must meet to qualify, contact the Maryland State Department of Education, Division of Career Technology and Adult Learning, 200 W. Baltimore St., Baltimore, MD 21201 (410-767-0182).

This credit is allowed for wages paid prior to 7/1/2001.

PART K - TELECOMMUNICATIONS PROPERTY TAX CREDIT

A credit is allowed for a public utility that is a telecommunications company in an amount limited to 60% of the total state, county and municipal corporation property tax paid. The credit is calculated on the property tax of operating real property in Maryland that is used in the telecommunications business other than operating land. This credit is applied after all other credits.

(No carryovers are allowed for this credit.)

PART L - RESEARCH AND DEVELOPMENT TAX CREDIT

Businesses that incur qualified research and development expenses in Maryland are entitled to a tax credit. The cumulative total of research and development credits for all businesses may not exceed \$6,000,000 per year.

There are 2 credits. The first one is calculated at 3% of the qualified Maryland research and development expenses paid during the tax year, up to a base amount. The second credit is 10% of the Maryland research and development expenses paid during the tax year that exceed the base amount.

Certification of the allowable credit must be received from the Maryland Department of Business and Economic Development (DBED). An amended return must be filed in the tax year after the qualified expenses are incurred to claim the tax credit. A copy of the certification from DBED must be included with the amended return.

Whenever this credit is claimed against income tax, an addition modification must be made for the tax year in which the research and development expenses were paid. The modification increases the taxable income base to the extent of the total credit claimed against the tax liability for the tax year.

This credit is applicable to tax years beginning after December 31, 1999 but before January 1, 2005.

For certification and further information contact the Maryland Department of Business and Economic Development, Division of Business Development, Tax Incentives Group, 217 E. Redwood Street, Baltimore, MD 21202 (410-767-6438).

PART M - ELECTRIC AND GAS TAX CREDIT

There are two credits allowed for electric and gas companies that are public utilities.

The first credit is equal to 60% of the total property taxes paid by the public utility on its operating real property in Maryland, other than operating land, used to generate electricity for sale.

The second credit is equal to 25% of the wages paid during the tax year to employees who work at the company's Maryland headquarters. The credit cannot exceed \$2,000,000 (\$500,000 if the headquarters in Maryland is not the principal place of business.)

(No carryovers are allowed for this credit.)

PART N - COMMUTER TAX CREDIT

A credit is allowed for businesses that conduct or operate a trade or business in Maryland and provide commuter benefits for employees.

The business must pay a portion of the cost of travel between the home and the workplace. Travel must be on a qualified mass transit vehicle or system or in a vanpool. The vanpool vehicle must seat at least 8 adults and be used primarily to transport employees between home and the workplace.

The credit is the lesser of 50% of the cost of providing monthly commuter benefits or \$30 per month for each employee.

For more information contact the Mass Transit Administration, Marketing Division, 6 St. Paul Street, 3rd Floor, Baltimore, MD 21202-1614 (410-767-8755).

(No carryovers are allowed for this credit.)

PART O - CLEAN ENERGY INCENTIVE TAX CREDIT

General requirements. A credit is allowed for up to 15% of the cost of photovoltaic or solar water heating property placed in service during the tax year. The property must be placed in service on or after July 1, 2000 and before January 1, 2005. For information concerning property that qualifies for this credit, contact the Maryland Energy Administration, 1623 Forest Drive, Annapolis, MD 21403 (410-260-7183).

Specific Requirements

Part O - I Credit for photovoltaic property. A credit is allowed for 15%, but not to exceed \$2,000, for the cost of photovoltaic property placed in service during the tax year. Photovoltaic property is solar energy property that uses a solar photovoltaic process to generate electricity.

Part O - II Credit for solar energy property. A credit is allowed for 15%, but not to exceed \$1,000, for the cost of solar energy property placed in service during the tax year. Solar energy property means equipment that uses solar energy to generate electricity, heat or cool a structure, provide hot water for use in a structure or provide solar process heat. It does not include a swimming pool, hot tub or other energy storage medium that has a function other than storage.

Part O - III Summary. Add credits for photovoltaic and solar energy (lines 2 and 4).

(No carryovers are allowed for this credit.)

PART P - MARYLAND-MINED COAL TAX CREDIT

A credit is allowed for a qualified cogenerator as defined under the Public Utility Regulatory Policies Act of 1978, for the purchase of Maryland-mined coal.

The credit is \$3 for each ton of Maryland-mined coal purchased in excess of the tonnage purchased in 1986.

PART Q - ONE MARYLAND ECONOMIC DEVELOPMENT TAX CREDIT

General requirements. A credit may be claimed for project costs to expand a business located in a distressed Maryland county or for start-up costs for relocating to a distressed Maryland county. To be eligible for the credit, costs must be at least \$500,000 and include at least 25 newly hired qualified employees employed for at least one year. For information on distressed counties, qualified employees and the requirements businesses must meet to qualify,

contact the Maryland Department of Business and Economic Development, Division of Business Development, Tax Incentives Group, 217 E. Redwood Street, Baltimore, MD 21202 (410-767-6438).

Specific Requirements

Part Q - I Credit for project costs. A credit is allowed for 100% of the cumulative qualified project costs (less credits taken in the prior years), not to exceed the state tax liability on income from the project for the current tax year or \$5,000,000, whichever is less. For procedures in calculating the state tax liability for the project, contact the Department of Business and Economic Development (410-767-6438).

A carryover is allowed for the excess of the credit over the state income tax liability on the income from the project to be applied against the state income tax of the project for up to 14 years following the year in which the project was placed in service. At any time after the 4th tax year following the tax year after the project was placed in service, but before the expiration of the 15th tax year, the business may apply the excess to the entity's total state income tax liability.

Part Q - II Credit for start-up costs. A credit is allowed for 100% of the cumulative qualified start-up costs (less credits taken in prior years), limited to \$10,000 times the number of qualified employees or \$500,000, whichever is less.

A carryover is allowed against the entity's state income tax liability for up to 14 years following the year in which the project was placed in service.

NOTE: A copy of the certification from the Department of Business and Economic Development must be included with Form 500CR.

At any time after the 4th tax year following the year in which the project was placed in service, but before the 15th year, the business may request excess credits be refunded. The total of the refund and all credits previously claimed may not exceed the employer withholding taxes for the newly hired qualified employees for the current tax year.

PART R - BUSINESS TAX CREDIT SUMMARY

This part is to summarize all available tax credits reported on this form. If the total credits available in a particular tax year exceed the tax developed for that year, the excess may not be refunded. An addition to income is required for credits from PARTS A, B, C and L.

NOTE: A portion of the Part Q credit may be refunded. See instructions for Part Q.

PART S - EXCESS CREDIT CARRYOVER CALCULATION

The excess of the allowable tax credit carryover may be applied as a credit against the tax for the next succeeding tax year or until either:

1. all of the excess is fully applied; or
2. expiration of the fifth tax year after the tax year in which the wages or other expenses for which the credit is claimed were incurred (the tenth tax year after the tax year in which the Heritage Area expenses were paid).

NOTE: An employer may not use the same employee to qualify for more than one credit. The same credit cannot be applied more than once against different taxes by the same taxpayer.