

FORM
500CR

ATTACH TO:
Maryland Form
500, 502, 504, 505, 510
or MW508

**MARYLAND BUSINESS
INCOME TAX CREDITS**

FOR TAX YEARS BEGINNING IN 2005
TAX YEAR BEGINNING _____, 2005
ENDING _____, _____

2005

Name as shown on Form 500, 502, 504, 505, 510 OR MW508

Taxpayer identification number

SEE INSTRUCTIONS

Check here if any of the following credits are derived from an entity other than that shown above. Enter the entity's federal employer identification number. If from more than one, see instructions.

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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 \$3,000 of wages paid to each employee)	2		
3. Credit for second year (limited to \$2,000 of wages paid to each employee)	3		
4. Credit for third year (limited to \$1,000 of wages paid to each employee)	4		
5. Total (Add lines 2, 3 and 4.)	5		

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 \$1,000 of wages paid to each employee)

6		
7		

**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 \$4,500 of wages paid to each employee)	9		
10. Credit for second year (limited to \$3,000 of wages paid to each employee)	10		
11. Credit for third year (limited to \$1,500 of wages paid to each employee)	11		
12. Total (Add lines 9, 10 and 11.)	12		

**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 \$1,500 of wages paid to each employee)

13		
14		

PART A - SUMMARY

15. Total Enterprise Zone Tax Credit for the current tax year (Add lines 5, 7, 12 and 14.)

15		
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PART B - EMPLOYMENT OPPORTUNITY TAX CREDIT

PART B - I CREDIT FOR EMPLOYMENT OPPORTUNITY EMPLOYEES

1. Number of employees eligible. First year Second year Special AFDC/FIP

2		
3		
4		
5		

2. Credit for first year (30% of first \$6,000 of wages paid to each employee)

3. Credit for second year (20% of first \$6,000 of wages paid to each employee).....

4. Special AFDC or FIP credit (40% of first \$10,000 of wages paid to each employee).....

5. Total (Add lines 2, 3 and 4.)

PART B - II CREDIT FOR CHILD CARE AND TRANSPORTATION EXPENSES FOR EMPLOYMENT OPPORTUNITY EMPLOYEES

6. Number of employees eligible. First year Second year

7		
8		
9		

7. Credit for first year (limited to a total of \$600 in child care and transportation expenses incurred for each qualified employee)

8. Credit for second year (limited to a total of \$500 in child care and transportation expenses incurred for each qualified employee)

9. Total (Add lines 7 and 8.)

PART B - SUMMARY

10. Total Employment Opportunity Tax Credit for the current tax year (Add lines 5 and 9.)

10		
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PART C - MARYLAND DISABILITY EMPLOYMENT TAX CREDIT

PART C - I CREDIT FOR EMPLOYEES WITH A DISABILITY HIRED ON OR AFTER 7/1/00

1. Number of employees eligible. First year Second year

2		
3		
4		

2. Credit for first year (30% of first \$6,000 of wages paid to each employee)

3. Credit for second year (20% of first \$6,000 of wages paid to each employee)

4. Total (Add lines 2 and 3.)

PART C - II CREDIT FOR CHILD CARE AND TRANSPORTATION EXPENSES

5. Number of employees eligible. First year Second year

6		
7		
8		

6. Credit for first year (limited to a combined total of \$600 in child care and transportation expenses per qualified employee with a disability)

7. Credit for second year (limited to a combined total of \$500 in child care and transportation expenses per qualified employee with a disability)

8. Total (Add lines 6 and 7.)

PART C - SUMMARY

9. Total Maryland Disability Employment Tax Credit for the current tax year (Add lines 4 and 8.)

9		
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PART D - JOB CREATION TAX CREDIT

PART D - I CREDIT FOR EMPLOYEES OF A QUALIFIED BUSINESS

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

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

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

PART D - SUMMARY

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

PART E - COMMUNITY INVESTMENT TAX CREDIT

1. Amount of approved contributions	1		
2. Enter 50% of line 1	2		
3. Enter the amount from line 2 or \$125,000, whichever is less	3		

PART F - BUSINESSES THAT CREATE NEW JOBS TAX CREDIT

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

PART G - LONG-TERM EMPLOYMENT OF QUALIFIED EX-FELONS TAX CREDIT (FOR EMPLOYEES HIRED FROM 7/1/02 THROUGH 12/30/04)

1. Number of employees eligible. First year <input type="text"/> Second year <input type="text"/>			
2. Credit for first year (30% of first \$6,000 of wages paid to each employee)	2		
3. Credit for second year (20% of first \$6,000 of wages paid to each employee)	3		
4. Total (Add lines 2 and 3)	4		

PART H - WATER QUALITY IMPROVEMENT TAX CREDIT

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

- 1. Enter 5% of long-term care insurance costs
- 2. Multiply the number of eligible employees by \$100
- 3. Enter the lesser of line 1 or line 2
- 4. Enter the lesser of line 3 or \$5,000

1		
2		
3		
4		

PART J - TELECOMMUNICATIONS PROPERTY TAX CREDIT

- 1. Enter 60% of the total state, county and municipal corporation property taxes

1		
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PART K - RESEARCH AND DEVELOPMENT TAX CREDITS

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

1		
2		
3		

PART L - ELECTRIC AND STEAM GENERATION PROPERTY TAX CREDIT

- 1. Enter 60% of the total state, county and municipal corporation property taxes.....

1		
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PART M - 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 by \$50
- 5. Enter the lesser of line 2 or line 4

1		
2		
3		
4		
5		

PART N - CLEAN ENERGY INCENTIVE TAX CREDIT (for electricity produced from alternative energy resources)

Enter in the box(es) below the number of kilowatt hours of electricity that was:

- 1. not co-fired with coal . Multiply this number by .85 cents (.0085) and enter here ...
- 2. co-fired with coal . Multiply this number by .5 cents (.005) and enter here.....
- 3. Total (Add lines 1 and 2.)

1		
2		
3		

PART O - MARYLAND-MINED COAL TAX CREDIT

- 1. Number of tons of Maryland-mined coal purchased in the current tax year.....
- 2. Multiply line 1 by \$3

1		
2		

PART P - ONE MARYLAND ECONOMIC DEVELOPMENT TAX CREDIT

PART P - I CREDIT FOR PROJECT COSTS

- 1. Cumulative 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 and refunds taken in prior tax years (see instructions)
- 4. Subtract line 3 from line 2
- 5. Maryland tax liability on income from this project
- 6. Enter the lesser of line 4 or line 5

1		
2		
3		
4		
5		
6		

PART P - II CREDIT FOR START-UP COSTS

7. Cumulative amount of qualified start-up costs.....	7		
8. Enter the lesser of line 7 or \$500,000.....	8		
9. Enter the start-up cost credits and refunds taken in prior tax years (see instructions)...	9		
10. Subtract line 9 from line 8.....	10		
11. Enter the number of qualified employees <input type="text"/> and multiply by \$10,000.....	11		
12. Enter the lesser of line 10 or line 11.....	12		
13. Remaining tax on project income (Subtract line 6 from line 5).....	13		
14. Enter lesser of line 12 or line 13.....	14		
15. Subtract line 14 from line 12. If less than 0, enter 0.....	15		
16. Maryland tax liability on non-project income.....	16		
17. Enter the lesser of line 15 or line 16.....	17		
18. Credit for start-up costs. (Add line 14 and line 17).....	18		

PART P - III REFUNDABLE ONE MARYLAND ECONOMIC DEVELOPMENT TAX CREDIT (complete only if eligible for refund)

19. Enter amount of Maryland income tax required to be withheld from qualified employees	19		
20. Available eligible project costs (Subtract line 6 from line 4).....	20		
21. Enter lesser of line 19 or line 20.....	21		
22. Credit for tax on non-project income (Enter amount from line 17).....	22		
23. Refundable project costs (Subtract line 22 from line 21).....	23		
24. Available eligible start-up costs (Subtract line 18 from line 10. If less than 0, enter 0)...	24		
25. Refundable start-up cost credit (Enter the lesser of line 19 or line 24.).....	25		

PART P - SUMMARY

26. Total nonrefundable One Maryland Economic Development Tax Credit (Add lines 6 and 18)....	26		
27. Total refundable One Maryland Economic Development Tax Credit (Add lines 23 and 25)..	27		

PART Q - GREEN BUILDING TAX CREDIT

1. Credit (certified by the Maryland Energy Administration).....	1		
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PART R - BUSINESS TAX CREDIT SUMMARY

1. Total Enterprise Zone Tax Credit from Part A, line 15.....	1		
2. Total Employment Opportunity Tax Credit from Part B, line 10.....	2		
3. Total Maryland Disability Employment Tax Credit from Part C, line 9.....	3		
4. Total Job Creation Tax Credit from Part D, line 13.....	4		
5. Total Community Investment Tax Credit from Part E, line 3.....	5		
6. Total Businesses that Create New Jobs Tax Credit from Part F, line 3.....	6		
7. Total Long-Term Employment of Qualified Ex-Felons Tax Credit from Part G, line 4.....	7		
8. Total Water Quality Improvement Tax Credit from Part H, line 1.....	8		
9. Total Employer Provided Long-Term Care Insurance Tax Credit from Part I, line 4.....	9		
10. Total Telecommunications Property Tax Credit from Part J, line 1.....	10		
11. Total Research and Development Tax Credits from Part K, line 3.....	11		
12. Total Electric and Steam Generation Property Tax Credit from Part L, line 1.....	12		
13. Total Commuter Tax Credit from Part M, line 5.....	13		
14. Total Clean Energy Incentive Tax Credit from Part N, line 3.....	14		
15. Total Maryland-Mined Coal Tax Credit from Part O, line 2.....	15		

16. Total nonrefundable One Maryland Economic Development Tax Credit from Part P, line 26; if more than one project, see instructions.....	16		
17. Total Green Building Tax Credit from Part Q, line 1	17		
18. Total of current year credits (Add lines 1 through 17)	18		
19. Carryover of excess credits from previous years	19		
20. Tentative credit. (Add lines 18 and 19.)	20		
21. Enter amount of any credit recapture. (See instructions for Part D and Part F.)	21		
22. Tentative credit after recapture. (Subtract line 21 from line 20.) If less than 0, enter negative amount	22		
23. Enter tax from: line 9 of Form 500; line 24 less any amounts from lines 25-27 of Form 502; line 32c less any amounts from lines 33, 34 and 35 of Form 505 line 30 less any amount from line 39 of Form 504 for a resident fiduciary; or line 32 less any amount from line 39 of Form 504 for a nonresident fiduciary. If less than 0, enter 0	23		
24. Allowable credit (Enter line 22 or line 23, whichever is less.)	24		

Also enter this amount on line:
10c of Form 500, 28 of Form 502, 41 of Form 504 or 36 of Form 505.

NOTE: An addition to income is required for credits from Parts A, B, C, G, J, K and L. Add lines 1, 2, 3, 7, 10, 11 and 12. Enter the result on line 2f of Form 500, line 5 of Form 502, line 19 of Form 505 or line 3 of Form 504.

PART S - EXCESS CREDIT CARRYOVER CALCULATION

If line 22 is less than or equal to line 23 of Part R, do not complete this section.

1. Enter amount from line 23 of Part R.....	1		
2. Add lines 10, 12, 13, 15 and 16 of Part R.....	2		
3. Subtract line 2 from line 1. (If less than 0, enter 0.)	3		
4. Subtract line 2 from line 22 of Part R	4		
5. Tentative excess credit carryover (Subtract line 3 from line 4.)	5		
6. Enter any amount included in line 5 that expired during this tax year.....	6		
7. Subtract line 6 from line 5. (If less than 0, enter 0). This is your credit carryover.....	7		

PART T - REFUNDABLE BUSINESS INCOME TAX CREDITS

1. Total refundable One Maryland Economic Development Tax Credit from Part P, line 27; if more than one project, see instructions	1		
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Also enter this amount on:
Line 10d of Form 500 or Part H, line 3 of Form 502CR. Fiduciaries should add this amount to any other credits from Forms 500CR and 502H and enter on line 41 of Form 504.

MARYLAND BUSINESS INCOME TAX CREDITS

GENERAL INSTRUCTIONS

Purpose of Form Form 500CR is used to claim the following business tax credits against corporation, personal or fiduciary income tax, or employer withholding tax (tax-exempt organizations only).

Tax Credit	Part
Biotechnology Incentive Tax Credit	Beginning 2007
Businesses That Create New Jobs Tax Credit	F
Clean Energy Incentive Tax Credit	N
Community Investment Tax Credit	E
Commuter Tax Credit*	M
Electric and Steam Generation Property Tax Credit	L
Employer Provided Long-Term Care Insurance Tax Credit	I
Employment Opportunity Tax Credit*	B
Enterprise Zone Tax Credit	A
Green Building Tax Credit	Q
Job Creation Tax Credit	D
Long-Term Employment of Qualified Ex-Felons Tax Credit*	G
Maryland Disability Employment Tax Credit*	C
Maryland-Mined Coal Tax Credit	O
One Maryland Economic Development Tax Credit	P
Research and Development Tax Credit	K
Telecommunications Property Tax Credit	J
Water Quality Improvement Tax Credit	H

***Tax-exempt organizations** For application of these credits against employer withholding tax, complete and attach Form 500CR to Form MW508 (Annual Employer Withholding Reconciliation Report). See Administrative Release 34.

Pass-through entities (PTEs) If the business is a PTE, Form 500CR must be completed through line 18, Part R and submitted with the PTE income tax return (Form 510). The PTE must provide each partner, shareholder or member with a statement showing their share of the credit.

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

If credits are received from more than one entity, prepare a schedule that provides each entity name, FEIN, type of credit and amount of the credit for each entity. Total the amounts for each credit and enter on the appropriate lines of Form 500CR, Part R. Complete Part R and Part S. Attach the schedule, statements from the PTEs showing any credits passing through and Form 500CR to the tax return to be filed.

Credits claimed by both spouses on a joint return Complete only one Form 500CR combining the amounts for both spouses.

Name and Other Information Enter the name as shown on Form 500, 502, 504, 505, 510 or MW508 in the designated area. Enter the taxpayer identification number (social security number or FEIN). 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.

Tax 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, 510 or MW508) 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 businesses located in a focus area (an area within an enterprise zone that is especially in need) the credit amounts are higher.

Businesses that own, operate, develop, construct or rehabilitate 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 35 hours per week by the business for at least six months before or during the business entity's tax 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;
4. earn 150% or more of the federal minimum wage; and
5. 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.

For information on the location of enterprise zones and focus areas 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 (410-767-4980).

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 the business is located in an enterprise zone but not in a focus area. Complete Parts A-III and A-IV if the business is 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 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-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 \$1,000 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 first year the employee was qualified. The credits are limited to the following amounts of wages paid to the same economically disadvantaged employee: \$4,500 in the first year, \$3,000 in the second year and \$1,500 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-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 \$1,500 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, an addition modification must be made in the tax year for which the wages claimed as a credit were paid.

PART B - EMPLOYMENT OPPORTUNITY TAX CREDIT

General Requirements Businesses that employ persons receiving "Aid to Families with Dependent Children" (AFDC) or "Family Investment Program" (FIP) entitlements 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.

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 or FIP. 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 prior to claiming the credit.

For further information on certification of 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) or ghee@careernet.state.md.us by e-mail.

Specific Requirements

Part B-I Credit for Employment Opportunity Employees A credit is allowed for each new AFDC or FIP recipient employee for a two-year period beginning with the first year the employee was qualified. The credit for each AFDC or FIP 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 was a recipient of temporary assistance under the AFDC program or FIP 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 can not 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 death occurs or (c) is terminated for cause. The credit must be prorated for the portion of the year the employee worked unless the employee voluntarily left to take another job.

Part B-II Credit for Child Care and Transportation Expenses 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 and 9.

Whenever an Employment Opportunity Tax Credit is claimed against the income tax, an addition modification must be made in the tax year for which the wages or child care expenses claimed as a credit were paid.

A credit will be allowed only for employees hired before July 1, 2006.

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

PART C - MARYLAND DISABILITY EMPLOYMENT TAX CREDIT

General Requirements Businesses that employ persons with disabilities, as determined by the Division of Rehabilitation Services (DORS) in the Maryland State Department of Education and/or by the Maryland Department of Labor, Licensing and Regulation (DLLR) may be eligible for tax credits for wages paid to, and for child care expenses and transportation expenses paid on behalf of, qualified employees.

Qualifying employees with a disability are those who are certified as such by the DORS (or by the DLLR for a disabled veteran).

For certification or for additional information, contact the Division of Rehabilitation Services, 2301 Argonne Drive, Baltimore, MD 21218 (1-888-554-0334, or dors@msde.state.md.us by e-mail) or the Department of Labor, Licensing and Regulation at 410-767-2047 or ghee@careernet.state.md.us by e-mail.

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.

This credit may not be claimed if the Employment Opportunity Tax Credit has been claimed for that employee. 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.

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.

Specific Requirements

Part C-I Credit for employees with a disability 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 is equal to 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. The credit must be prorated for the portion of the year the employee worked unless the employee voluntarily left to take another job.

Part C-II Credit for Child Care and Transportation Expenses An additional credit is allowed for expenses incurred by the employer for approved day care services for a child or children of a qualified employee, or for transportation expenses that are incurred to enable a qualified employee to travel to and from work. A credit of up to \$600 is allowed 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 4 and 8.

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

A credit will be allowed only for employees hired before July 1, 2006.

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

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 positions.

The business facility must be certified as having created at least 60 qualified positions, 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 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. A qualified employee is an employee filling a qualified position.

Recapture Provision If, at any time during the three tax years after the year the credit was earned, the average number of qualified positions falls more than 5% below the average number of qualified positions during the year in which the credit was earned, a portion of the credit will be recaptured for the tax year in which this occurs. The amount to be recaptured is the amount originally claimed multiplied by the percentage reduction in the number of qualified employees. The credit to be recaptured is reported on line 21, Schedule R of Form 500CR.

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 (410-767-4980).

Specific Requirements

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

Part D-II Credit for 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 credit is the lesser of \$1,500 multiplied by the number of filled qualified positions or 5% of the wages paid for these positions.

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

No credits may be earned for any tax year beginning on or after January 1, 2010.

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

PART E - COMMUNITY INVESTMENT TAX CREDIT

Businesses that contribute to approved Community Investment 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 a credit is claimed. 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

To qualify, businesses must be located in Maryland and create new positions or establish or expand business facilities in the state. If a property tax credit (or an enhanced property tax credit) as defined in section 9-230 of the Tax-Property Article is granted by the Mayor and City Council of Baltimore City or the governing body of a county or municipal corporation, certain businesses may be entitled to an income tax credit.

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.

Recapture Provision If, at any time during the three tax years after the year the credit was earned, the business fails to satisfy the thresholds to qualify for the credit, the credit must be recaptured. The income tax credit to be recaptured is reported on line 21, Schedule R of Form 500CR and filed with the tax return for the tax year in which the business failed to satisfy the applicable thresholds.

For further information contact the State Department of Assessments and Taxation, 301 W. Preston Street, Baltimore, MD 21201-2395 (410-767-1191 or taxcredits@dat.state.md.us by e-mail).

PART G - LONG-TERM EMPLOYMENT OF QUALIFIED EX-FELONS TAX CREDIT (for employees hired from 7/1/02 through 12/30/04)

A credit is allowed to businesses that hire qualified ex-felons under a program approved by Maryland Department of Labor, Licensing and Regulation. This credit may not be claimed if the Employment Opportunity Tax Credit or Maryland Disability Employment Tax Credit has been claimed for that employee.

A qualified employee is a "qualified ex-felon" in accordance with Section 51(d)(4) of the Internal Revenue Code. A business may not claim a credit for an employee who is hired to replace a laid-off employee or an employee who is on strike, or for which the business simultaneously receives federal or state employment training benefits.

A credit is allowed for each qualified ex-felon for a two-year period beginning with the first year the employee was qualified. The credit for each qualified employee hired is equal to 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 can not 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 death occurs or; (c) is terminated for cause. The credit must be prorated for the portion of the year the employee worked unless the employee voluntarily left to take another job.

Whenever a Long-term Employment of Qualified Ex-Felons Tax Credit is claimed against the income tax, an addition modification must be made in the amount of the credit claimed.

For further information, contact the Maryland Department of Labor, Licensing and Regulation, Division of Employment and Training, 1100 N. Eutaw Street, Baltimore, MD 21201 (410-767-2047).

PART H - WATER QUALITY IMPROVEMENT TAX 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.

No credits may be earned for any tax year beginning on or after January 1, 2009.

For further information contact the Department of Agriculture, Nutrient Management Program, 50 Harry S. Truman Parkway, Annapolis, MD 21401 (410-841-5863).

PART I - EMPLOYER PROVIDED LONG-TERM CARE INSURANCE TAX CREDIT

A credit is allowed for premiums paid by employers to provide long-term care insurance to their employees as part of their benefits package. The employer may claim a credit of 5% of the premiums paid during the tax year or \$100 for each Maryland employee covered by long-term care insurance provided, whichever is less, but cannot be more than \$5,000.

PART J - TELECOMMUNICATIONS PROPERTY TAX CREDIT

A credit is allowed for a public utility that is a telecommunications company equal to 60% of the total property taxes paid on its operating real property in Maryland, other than operating land, used in the telecommunications business. This credit is applied after all other credits.

Whenever a Telecommunications Property Tax Credit is claimed against the income tax, an addition modification must be made in the amount of the credit claimed.

PART K - RESEARCH AND DEVELOPMENT TAX CREDIT

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

There are two credits. The Basic Credit is 3% of the qualified Maryland research and development expenses paid during the tax year, **up to** a base amount. The Growth Credit is 10% of the Maryland research and development expenses paid during the tax year that **exceed** the base amount.

Certification must be obtained from the Maryland Department of Business and Economic Development (DBED) before the credit can be claimed. The credit must be taken for the tax year in which the expenses were incurred. Therefore, an amended return may need to be filed. A copy of the certification from DBED must be included with the return.

Whenever this credit is claimed against the income tax, an addition modification must be made for the tax year in which the research and development expenses were paid.

The credits are applicable to tax years beginning after December 31, 1999 but before January 1, 2011.

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 (410-767-4980).

PART L - ELECTRIC AND STEAM GENERATION PROPERTY TAX CREDIT

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

Whenever this credit is claimed against the corporation income tax, an addition modification must be made in the amount of the credit claimed.

PART M - COMMUTER TAX CREDIT

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

The business must pay a portion of the cost of travel between the employee's home and the workplace. Qualified commuter benefits include the cost of transit instruments (tickets, passes, vouchers, fare cards, smartcards and tokens) used to transport an employee of the business to or from home and the workplace. The portion of the cost an employer pays to provide a "Guaranteed Ride Home" program or for a parking "Cash-Out" program for their employees also are qualified commuter benefits.

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 commuter benefits or \$50 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).

PART N - CLEAN ENERGY INCENTIVE TAX CREDIT

General requirements A credit is allowed for electricity generated using alternative energy sources.

For information concerning qualifications for the credit, contact the Maryland Energy Administration, 1623 Forest Drive, Annapolis, MD 21403 (410-260-7183).

Specific Requirements

This credit is allowed if a Maryland facility produces electricity during the tax year primarily using waste materials including:

- forest-related resources (mill residues, pre-commercial thinnings, slash, or brush);
- waste pallets, crates, and dunnage, landscape or right-of-way trimmings, not including unsegregated municipal solid waste and post-consumer waste paper;
- agricultural sources (orchard tree crops, vineyard, grain, legumes, sugar, and other crop by-products or residues); or
- methane gas resulting from the anaerobic decomposition of organic materials in a landfill or wastewater treatment plant.

The credit is 0.85 cents for each kilowatt hour of electricity produced at a Maryland facility using waste materials during the ten-year period after the facility is originally placed in service. If the facility produces electricity from waste products co-fired with coal, the credit is 0.5 cents for each kilowatt hour of electricity produced during the ten-year period beginning on the date of the initial co-firing.

PART O - MARYLAND-MINED COAL TAX CREDIT

A credit is allowed for a qualified cogenerator, small power producer or an electricity supplier (as defined under §1-101 of the Public Utility Company Article) for the purchase of Maryland-mined coal. An electricity supplier may not have been a public utility before July 1, 1999. A cogenerator or an electricity supplier must not be subject to the public service company franchise tax.

The credit is \$3 for each ton of Maryland-mined coal purchased in the current tax year.

PART P - ONE MARYLAND ECONOMIC DEVELOPMENT TAX CREDIT

General requirements Credits may be claimed for eligible project costs and for eligible start-up costs incurred to establish, relocate or expand a business facility in a distressed Maryland county. In order to qualify for the credit for project costs, a minimum of \$500,000 must be spent on eligible project costs. At least 25 newly-hired qualified employees must be employed for at least one year at the new or expanded facility. This credit may also be claimed by tax-exempt non-profit organizations.

If claiming a credit for multiple projects, complete a separate Part P for each project. Sum the amounts from line 26 of each Part P and enter this amount on line 16 of Part R. Sum the amounts from line 27 of each Part P and enter this amount on line 1 of Part T.

For information on distressed counties, qualified employees eligible costs, and other requirements businesses must satisfy 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 (410-767-4980).

Specific Requirements

Part P - I Credit for project costs A credit is allowed for 100% of the cumulative qualified project costs (less credits and refunds 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 (410-767-4980).

A carryover is allowed for the excess of the credit over the state income tax liability on the income from the project for up to 14 years following the year in which the project was placed in service.

Part P - II Credit for start-up costs A credit is allowed for 100% of the cumulative qualified start-up costs (less credits and refunds 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: The amount of tax on project income (line 5, Part P) plus the amount of tax on non-project income (line 16, Part P) must equal the total tax on line 23 of Part R.

Part P - III Refundable One Maryland Economic Development Tax Credit At any time after the 4th tax year following the tax year after the project was placed in service, the business may apply the excess to the entity's total state income tax liability and may request a refund of any excess credit.

If the majority of the qualified positions are paid at least 250% of the federal minimum wage, the years during which the business may apply the excess to the entity's total state income tax liability and request a refund of any excess credit will begin after the 2nd year rather than the 4th year.

For projects costs, the total amount claimed as a refund and as a credit for the current tax year cannot exceed the employer's withholding taxes for the qualified employees for the current tax year. For start-up costs, the refund cannot exceed the employer's withholding taxes for the qualified employees for the current tax year.

Complete lines 19 through 25 to determine the amount of the credit that is refundable for the current tax year. When claiming a credit for multiple projects, allocate the amount of tax liability on non-project

income (line 16) among the projects by multiplying the non-project income by a factor where the numerator is the net income allocable to the project and the denominator is the income from all projects.

Tax-exempt organizations eligible for the One Maryland Economic Development Tax Credit that are not otherwise required to file a Maryland income tax return may file a corporation income tax return in order to claim the credit and related refunds and are subject to the same time limitations as other corporations.

PART P - SUMMARY

Enter on line 16 the nonrefundable portions of the project and start-up costs credits from lines 6 and 18. This is the total nonrefundable One Maryland Economic Development Tax Credit. This amount should also be entered on line 16 of Part R.

Add lines 23 and 25 and enter this amount on line 27. This is the total refundable One Maryland Economic Development Tax Credit. This amount should also be entered on line 1 of Part T.

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

PART Q - GREEN BUILDING TAX CREDIT

A credit is available for the construction or rehabilitation of a building that conforms to specific standards intended to save energy and to mitigate environmental impact. The total amount of the credits certified for all taxpayers each year (calendar years 2003 through 2011) is limited. Credits are allowed for amounts spent on or after July 1, 2001.

The newly constructed or rehabilitated building must be located in a priority funding area or qualified “brownfields” site. If a rehabilitated building is not located in these areas, the building’s square footage may not increase by more than 25%.

A copy of the initial credit certificate and a copy of an eligibility certificate issued by an architect or engineer must be included with

the Form 500CR. The final certificate that will certify the maximum amount of credit available and the tax year it may be taken will provide satisfactory evidence that the taxpayer is entitled to the credit and must also be submitted.

For additional information, contact the Maryland Energy Administration, 1623 Forest Drive, Suite 300, Annapolis, MD 21403 (410-974-2411 Ext. 310 or mli@gov.state.md.us).

Note: If the Clean Energy Incentive Tax Credit for the installation of photovoltaic modules is taken, the photovoltaic module credit component of the Green Building Tax Credit may not be taken.

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, G, J, K and L.

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

PART S - EXCESS CREDIT CARRYOVER CALCULATION

Most credits may not exceed the Maryland income tax liability, but may be carried forward for a specified number of successive tax years or until fully applied. It is your responsibility to maintain a record of credits for which you qualify, credits that have been taken in prior years, and the amount of each credit that may be carried forward. To assist you, the following table provides the number of years for which each credit may be carried forward.

PART T - REFUNDABLE BUSINESS INCOME TAX CREDITS

Part T is used to report the refundable portion of the One Maryland Economic Development Tax Credit from Part P. Enter the amount from Part P, line 27 on line 1 of Part T.

Part	Credit	No carryover	5 years	7 years	10 years	14 years
A	Enterprise Zone Tax Credit		X			
B	Employment Opportunity Tax Credit		X			
C	Maryland Disability Employment Tax Credit		X			
D	Job Creation Tax Credit		X			
E	Community Investment Tax Credit		X			
F	Businesses That Create New Jobs Tax Credit		X			
G	Long-Term Employment of Qualified Ex-Felons Tax Credit		X			
H	Water Quality Improvement Tax Credit		X			
I	Employer Provided Long-Term Care Insurance Tax Credit		X			
J	Telecommunications Property Tax Credit	X				
K	Research and Development Tax Credits*			X		
L	Electric and Steam Generation Property Tax Credit	X				
M	Commuter Tax Credit	X				
N	Clean Energy Incentive Tax Credit				X	
O	Maryland-Mined Coal Tax Credit	X				
P	One Maryland Economic Development Tax Credit					X
Q	Green Building Tax Credit				X	

*The carryforward period for unused Research and Development Tax Credits from tax years prior to 2005 remains 15 years.

The same credit cannot be applied against more than one type of tax by the same taxpayer.