

§5219-QQ. Credit for major business headquarters expansions

1. Definitions. As used in this section, unless the context otherwise indicates, the following terms have the following meanings.

A. "Certified applicant" means a qualified applicant that has received a certificate of approval from the commissioner pursuant to this section. [PL 2017, c. 297, §2 (NEW).]

A-1. "Base level of employment" means either the total employment of a qualified applicant as of the March 31st, June 30th, September 30th and December 31st of the calendar year immediately preceding the application for a certificate of approval under subsection 2 divided by 4 or the qualified applicant's average employment during the base period, whichever is greater. [PL 2017, c. 405, §1 (NEW).]

A-2. "Base period" means the 3 calendar years prior to the year in which a qualified applicant's application for a certificate of approval under subsection 2 is approved by the commissioner. [PL 2017, c. 405, §1 (NEW).]

B. "Commissioner" means the Commissioner of Economic and Community Development. [PL 2017, c. 297, §2 (NEW).]

C. "Employees based in the State" means employees that perform more than 50% of employee-related activities for the employer at a location in the State. [PL 2023, c. 157, §1 (AMD).]

D. "Facility" means one or more buildings and includes the real and personal property located in those buildings. [PL 2017, c. 297, §2 (NEW).]

E. "Full-time" means an average of 36 hours weekly during the period of measurement. [PL 2017, c. 297, §2 (NEW).]

F. "Headquarters" means the principal facility from which the applicant directs its national or global business activities, as determined by the commissioner at the time of application. [PL 2017, c. 297, §2 (NEW).]

G. "Qualified applicant" means an applicant that, at the time an application for a certificate of approval is submitted, satisfies all of the following criteria:

- (1) The applicant's headquarters are or will be located in the State;
- (2) The applicant employs at least 5,000 full-time employees worldwide of which at least 25% are or will be based in the State;
- (3) The applicant has business locations in at least 3 other states or foreign countries; and
- (4) The applicant intends to make a qualified investment in the State within 5 years following the date of the application. [PL 2017, c. 405, §1 (AMD).]

H. "Qualified investment" means an investment of at least \$35,000,000 to design, permit, construct, modify, equip or expand the applicant's headquarters in the State. The investments and activities of a qualified applicant and other entities that are members of the qualified applicant's unitary business must be aggregated to determine whether a qualified investment has been made. A qualified investment does not include an investment made prior to the issuance of a certificate of approval or after December 31, 2022. [PL 2017, c. 297, §2 (NEW).]
[PL 2023, c. 157, §1 (AMD).]

2. Procedures for application; certificate of approval. The provisions of this subsection govern the procedures for providing for and obtaining a certificate of approval.

A. A qualified applicant may apply to the commissioner for a certificate of approval. An applicant shall submit to the commissioner information demonstrating that the applicant is a qualified applicant. If a certified applicant undertakes to make an additional qualified investment, the

certified applicant may apply to the commissioner for an additional certificate of approval. [PL 2017, c. 297, §2 (NEW).]

B. The commissioner, within 30 days of receipt of an application submitted pursuant to paragraph A, shall determine whether the applicant is a qualified applicant and shall issue either a certificate of approval or a written denial indicating why the applicant is not qualified. The certificate issued by the commissioner must describe the qualified investment and specify the total amount of qualified investment approved under the certificate. [PL 2017, c. 297, §2 (NEW).]

C. Upon issuance of a certificate of completion in accordance with paragraph F, the commissioner shall issue, on behalf of the State, a memorandum to the qualified applicant describing the benefits provided by this section at the time the certificate of completion is issued. The memorandum must provide that the certificate of completion does not prohibit the commissioner from revoking a certificate in accordance with paragraph E and does not prohibit the assessor from assessing and collecting an overpaid benefit in accordance with the provisions of this Title. [PL 2017, c. 297, §2 (NEW).]

D. A certified applicant shall obtain approval from the commissioner to transfer the certificate of approval or, if the certified applicant has obtained a certificate of completion, that certificate of completion to another person. A certificate of approval or certificate of completion may be transferred only if all or substantially all of the assets of the certified applicant are, or will be, transferred to that person or if 50% or more of the certified applicant's voting stock is, or will be, acquired by that person. The commissioner shall approve the transfer of the certificate of approval or the certificate of completion only if at least one of the following conditions is satisfied:

- (1) The transferee is a member of the applicant's unitary affiliated group at the time of the transfer; or
- (2) The commissioner finds that the transferee will, and has the capacity to, maintain operations of the headquarters in the State in a manner that meets the minimum qualifications for continued eligibility of benefits under this section after the transfer occurs.

If the commissioner approves the transfer of the certificate, the transferee, from the date of the transfer, must be treated as the certified applicant and as eligible to claim any remaining benefit under the certificate of approval or the certificate of completion that has not been previously claimed by the transferor as long as the transferee meets the same eligibility requirements and conditions for the credit as applied to the original certified applicant. [PL 2017, c. 297, §2 (NEW).]

E. The commissioner shall revoke a certificate of approval if the certified applicant or a person to whom a certificate of approval has been transferred pursuant to paragraph D fails to make a qualified investment within 5 years of the date of the certificate of approval. The commissioner shall revoke a certificate of approval or a certificate of completion if the applicant or transferee ceases operations of the headquarters in the State or the certificate of approval or certificate of completion is transferred to another person without approval from the commissioner pursuant to paragraph D. A certified applicant whose certificate of completion is revoked within 5 years after the date issued shall return to the State an amount equal to the total credits claimed for all tax years under this section. A certified applicant whose certificate of completion is revoked during the period from 6 years after through 10 years after the date the certificate was issued shall return to the State an amount equal to the total credits claimed under this section for the period from 6 years after through 10 years after the date the certificate was issued. If credit amounts are recaptured after a certificate of approval has been transferred as provided in paragraph D, the transferee is responsible for payment of any credit amounts that must be returned to the State. The amount to be returned to the State under this paragraph is, for purposes of this Title, a tax subject to the collection and enforcement provisions contained in Part 1, including the application of applicable

interest and penalties. The amount to be returned to the State must be added to the tax imposed on the taxpayer under this Part for the taxable year during which the certificate is revoked. [PL 2019, c. 401, Pt. D, §1 (RPR).]

F. Upon making the qualified investment and completing the headquarters and employment criteria in subsection 1, paragraph G, a certified applicant shall submit an application to the commissioner for a certificate of completion. If the commissioner determines that a qualified investment has been made, the applicant's headquarters is located in the State and at least 25% of the applicant's full-time employees, as measured at the time of application for the certificate of approval, are based in the State, the commissioner shall issue a certificate of completion to the certified applicant as soon as is practical. The certificate of completion must state the amount of qualified investment made by the certified applicant. [PL 2017, c. 405, §1 (AMD).]

The commissioner may not issue certificates of approval under this subsection that total, in the aggregate, more than \$100,000,000 of qualified investment or any individual certificate of approval for more than \$40,000,000 of qualified investment. [PL 2019, c. 401, Pt. D, §1 (AMD).]

3. Refundable credit allowed. A certified applicant who has received a certificate of completion is allowed a credit as provided in this subsection.

A. Subject to the limitations under paragraph B, beginning with the tax year during which the certificate of completion is issued or the tax year beginning in 2020, whichever is later, and for each of the following 19 tax years, a certified applicant is allowed a credit against the tax due under this Part for the taxable year in an amount equal to 2% of the amount of actual qualified investment specified on the certified applicant's certificate of completion under subsection 2, paragraph F or the amount of qualified investment approved by the commissioner in the certificate of approval under subsection 2, paragraph B, whichever is less. The credit allowed under this paragraph is refundable. [PL 2019, c. 401, Pt. D, §2 (RPR).]

B. The credit under this subsection is limited as follows.

(1) A credit is not allowed for any tax year during which the taxpayer does not meet or exceed the following employment targets as measured on the last day of the tax year.

(a) For each of the first 10 tax years for which the credit is claimed, there must be a total of at least 80 additional full-time employees based in the State above the certified applicant's base level of employment whose jobs were added on or after January 1, 2018 multiplied by the number of years for which the credit has been claimed, including the tax year for which the credit is currently being claimed.

(b) For each tax year after the 10th tax year for which the credit is claimed, the taxpayer must employ a total of at least 800 additional full-time employees based in the State above the certified applicant's base level of employment whose jobs were added on or after January 1, 2018.

Jobs for additional full-time employees that are counted for determining eligibility for the credit under one certificate of completion may not be counted for determining eligibility for the credit under a separate certificate of completion. For purposes of this paragraph, "additional full-time employees" does not include employees who are shifted to a certified applicant's headquarters in the State from an affiliated business in the State. The commissioner shall determine whether a shifting of employees has occurred. For purposes of this paragraph, "affiliated business" has the same meaning as in section 6753, subsection 1-A.

(2) Cumulative credits under this subsection may not exceed \$16,000,000 under any one certificate. [PL 2023, c. 157, §2 (AMD).]

[PL 2023, c. 157, §2 (AMD).]

4. Reporting required. A certified applicant, the commissioner and the State Tax Assessor are required to make reports pursuant to this subsection.

A. On or before March 1st of each year, a certified applicant shall file a report with the commissioner for the tax year ending during the immediately preceding calendar year, referred to in this subsection as "the report year," containing the following information:

- (1) The number of all full-time employees based in this State of the certified applicant on the last day of the report year;
- (2) The incremental amount of qualified investment made in the report year;
- (3) The total number of additional full-time employees added in the State by the certified applicant above the certified applicant's base level of employment since the date a certificate of approval was issued;
- (4) The incremental number of additional full-time employees added in the State by the certified applicant above the certified applicant's base level of employment during the report year;
- (5) The average and median wages of all additional full-time employees above the certified applicant's base level of employment in the State whose jobs were added on or after January 1, 2018; and
- (6) The percentage and number of all additional full-time employees above the certified applicant's base level of employment who have access to retirement benefits and health benefits.

The commissioner may prescribe forms for the annual report described in this paragraph. The commissioner shall provide copies of the report to the State Tax Assessor and to the joint standing committee of the Legislature having jurisdiction over taxation matters at the time the report is received. [PL 2023, c. 157, §3 (AMD).]

B. By December 31st of each year, the State Tax Assessor shall report to the joint standing committee of the Legislature having jurisdiction over taxation matters the revenue loss during the report year as a result of this section for each taxpayer claiming the credit and, if necessary, shall include updated revenue loss amounts for any previous tax year. For purposes of this paragraph, "revenue loss" means the credit claimed by the taxpayer and allowed pursuant to this section, consisting of the amount of the credit used to reduce the tax liability of the taxpayer and the amount of the credit refunded to the taxpayer, stated separately. [PL 2019, c. 401, Pt. D, §3 (RPR).]

Notwithstanding any other provision of law to the contrary, the reports provided under this subsection are public records as defined in Title 1, section 402, subsection 3. [PL 2023, c. 157, §3 (AMD).]

5. Evaluation; specific public policy objective; performance measures. The credit provided under this section is subject to ongoing legislative review in accordance with Title 3, chapter 37. In developing evaluation parameters to perform the review, the Office of Program Evaluation and Government Accountability, the joint legislative committee established to oversee program evaluation and government accountability matters and the joint standing committee of the Legislature having jurisdiction over taxation matters shall consider:

A. That the specific public policy objective of the credit provided under this section is to create and retain high-quality jobs in the State by encouraging major businesses to locate their headquarters in the State or to expand their headquarters in the State. For purposes of this subsection, "high-quality jobs" means jobs for which health insurance benefits and retirement benefits are available; and [PL 2017, c. 405, §1 (NEW).]

B. Performance measures, including, but not limited to:

- (1) The number of additional full-time employees added during a period being reviewed and how employment during that period compares to the minimum employment requirements set forth in subsection 3, paragraph B;
- (2) The amount of qualified investment during a period being reviewed, and how expenditures compare to the minimum level of expenditure set forth in subsection 1, paragraph H;
- (3) The change in the number of major business headquarters located in the State and the number of expansions of those headquarters during a period being reviewed;
- (4) Measures of fiscal impact and overall economic impact to the State; and
- (5) The number of new employees for whom health benefits and retirement benefits are available. [PL 2017, c. 405, §1 (NEW).]

[PL 2017, c. 405, §1 (NEW).]

REVISOR'S NOTE: (Subsection 5 as enacted by PL 2017, c. 375, Pt. D, §5 is REALLOCATED TO TITLE 36, SECTION 5219-QQ, SUBSECTION 6)

6. (REALLOCATED FROM T. 36, §5219-QQ, sub-§5) Rules. The commissioner and the State Tax Assessor may adopt routine technical rules pursuant to Title 5, chapter 375, subchapter 2-A for implementation of the credit under this section, including, but not limited to, rules for determining and certifying eligibility. The commissioner may also by rule establish fees for obligations under this section. Any fees collected pursuant to this section must be deposited into a special revenue account administered by the commissioner, and those fees may be used only to defray the actual costs of administering the credit under this section.

[PL 2019, c. 401, Pt. D, §4 (RAL).]

SECTION HISTORY

RR 2017, c. 1, §33 (COR). PL 2017, c. 297, §2 (NEW). PL 2017, c. 375, Pt. D, §§3-5 (AMD). PL 2017, c. 405, §1 (AMD). PL 2019, c. 401, Pt. D, §§1-4 (AMD). PL 2023, c. 157, §§1-3 (AMD).

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