
By: **Delegates Hecht, R. Baker, W. Baker, Clagett, Donoghue, Frush,
Rudolph, Pitkin, Rosso, and Riley**

Introduced and read first time: February 8, 2002

Assigned to: Ways and Means

A BILL ENTITLED

1 AN ACT concerning

2 **Telework Tax Incentive Act**

3 FOR the purpose of allowing a State income tax credit for certain expenses paid by an
4 individual or employer for certain furnishings and electronic information
5 equipment used to enable certain individuals to telework; limiting the credit
6 allowed for each taxable year to a certain amount with respect to expenses paid
7 by or on behalf of each individual who teleworks; limiting the credit allowed for
8 any taxable year to the State income tax for that taxable year; providing for the
9 carry forward of unused credit to succeeding taxable years; requiring the
10 Comptroller to provide by regulation for the recapture of the credit under
11 certain circumstances; providing that the credit may not be claimed with respect
12 to certain property or with respect to certain costs; providing that no other
13 deduction or credit under the Maryland income tax law may be claimed with
14 respect to any expenses taken into account in determining the credit; providing
15 for the application of this Act; and generally relating to a State income tax credit
16 for certain expenses paid by an individual or employer for certain furnishings
17 and electronic information equipment used to enable an individual to telework.

18 BY adding to
19 Article - Tax - General
20 Section 10-724
21 Annotated Code of Maryland
22 (1997 Replacement Volume and 2001 Supplement)

23 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF
24 MARYLAND, That the Laws of Maryland read as follows:

25 **Article - Tax - General**

26 10-724.

27 (A) (1) IN THIS SECTION THE FOLLOWING WORDS HAVE THE MEANINGS
28 INDICATED.

1 (2) "ELIGIBLE TAXPAYER" MEANS:

2 (I) AN INDIVIDUAL WHO RESIDES OR WORKS IN THE STATE AND
3 PERFORMS SERVICES FOR AN EMPLOYER UNDER A TELEWORKING ARRANGEMENT;
4 OR

5 (II) AN EMPLOYER FOR WHOM AN EMPLOYEE RESIDING OR
6 WORKING IN THE STATE PERFORMS SERVICES UNDER A TELEWORKING
7 ARRANGEMENT.

8 (3) "QUALIFIED TELEWORK EXPENSES" MEANS EXPENSES PAID OR
9 INCURRED UNDER A TELEWORKING ARRANGEMENT FOR FURNISHINGS AND
10 ELECTRONIC INFORMATION EQUIPMENT THAT ARE USED TO ENABLE AN
11 INDIVIDUAL WHO RESIDES OR WORKS IN THE STATE TO TELEWORK.

12 (4) "TELEWORK" MEANS TO PERFORM WORK FUNCTIONS USING
13 ELECTRONIC INFORMATION AND COMMUNICATION TECHNOLOGIES, THEREBY
14 REDUCING OR ELIMINATING THE PHYSICAL COMMUTE TO AND FROM THE
15 TRADITIONAL WORKSITE.

16 (5) "TELEWORKING ARRANGEMENT" MEANS AN ARRANGEMENT UNDER
17 WHICH AN EMPLOYEE TELEWORKS FOR AN EMPLOYER NOT LESS THAN 75 DAYS PER
18 YEAR.

19 (B) AN ELIGIBLE TAXPAYER MAY CLAIM A CREDIT AGAINST THE STATE
20 INCOME TAX IN AN AMOUNT EQUAL TO THE QUALIFIED TELEWORKING EXPENSES
21 PAID OR INCURRED BY THE ELIGIBLE TAXPAYER DURING THE TAXABLE YEAR.

22 (C) (1) FOR EACH INDIVIDUAL WHO TELEWORKS, THE CREDIT ALLOWED
23 UNDER THIS SECTION FOR A TAXABLE YEAR WITH RESPECT TO QUALIFIED
24 TELEWORKING EXPENSES PAID OR INCURRED BY OR ON BEHALF OF THE
25 INDIVIDUAL MAY NOT EXCEED \$500.

26 (2) (I) FOR AN INDIVIDUAL WHO IS IN A TELEWORKING
27 ARRANGEMENT FOR LESS THAN A FULL TAXABLE YEAR, THE MAXIMUM SPECIFIED
28 IN PARAGRAPH (1) OF THIS SUBSECTION SHALL BE REDUCED BY AN AMOUNT THAT
29 BEARS THE SAME RATIO TO \$500 AS THE NUMBER OF MONTHS IN WHICH THE
30 INDIVIDUAL IS NOT IN A TELEWORKING ARRANGEMENT BEARS TO 12.

31 (II) FOR PURPOSES OF THIS PARAGRAPH, AN INDIVIDUAL SHALL BE
32 TREATED AS BEING IN A TELEWORKING ARRANGEMENT FOR A MONTH IF THE
33 INDIVIDUAL IS SUBJECT TO THE ARRANGEMENT FOR ANY DAY OF THE MONTH.

34 (D) (1) THE CREDIT ALLOWED UNDER THIS SECTION FOR ANY TAXABLE
35 YEAR MAY NOT EXCEED THE STATE INCOME TAX FOR THAT TAXABLE YEAR,
36 DETERMINED BEFORE THE APPLICATION OF THE CREDITS UNDER THIS SECTION
37 AND §§ 10-701 AND 10-701.1 OF THIS SUBTITLE BUT AFTER APPLICATION OF THE
38 OTHER CREDITS ALLOWABLE UNDER THIS SUBTITLE.

1 (2) IF THE CREDIT ALLOWED UNDER THIS SECTION FOR ANY TAXABLE
2 YEAR EXCEEDS THE LIMITATION UNDER PARAGRAPH (1) OF THIS SUBSECTION, ANY
3 UNUSED CREDIT MAY BE CARRIED FORWARD AND APPLIED FOR SUCCEEDING
4 TAXABLE YEARS UNTIL THE FULL AMOUNT OF THE CREDIT IS USED.

5 (E) (1) EXCEPT AS OTHERWISE PROVIDED IN THIS TITLE, FOR PURPOSES OF
6 DETERMINING MARYLAND TAXABLE INCOME, THE BASIS OF ANY PROPERTY WITH
7 RESPECT TO WHICH A CREDIT IS ALLOWED UNDER THIS SECTION SHALL BE ITS
8 BASIS FOR FEDERAL INCOME TAX PURPOSES.

9 (2) THE COMPTROLLER SHALL, BY REGULATIONS, PROVIDE FOR
10 RECAPTURING THE BENEFIT OF ANY CREDIT ALLOWED UNDER THIS SECTION WITH
11 RESPECT TO ANY PROPERTY THAT CEASES TO BE PROPERTY ELIGIBLE FOR THE
12 CREDIT.

13 (3) THE CREDIT UNDER THIS SECTION MAY NOT BE CLAIMED WITH
14 RESPECT TO:

15 (I) ANY PROPERTY THAT IS REFERRED TO IN § 50(B) OF THE
16 INTERNAL REVENUE CODE; OR

17 (II) THE PORTION OF THE COST OF ANY PROPERTY TAKEN INTO
18 ACCOUNT UNDER § 179 OF THE INTERNAL REVENUE CODE.

19 (4) NO OTHER DEDUCTION OR CREDIT UNDER THIS TITLE MAY BE
20 ALLOWED WITH RESPECT TO ANY EXPENSE THAT IS TAKEN INTO ACCOUNT IN
21 DETERMINING THE CREDIT UNDER THIS SECTION.

22 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
23 July 1, 2002 and shall be applicable to all taxable years beginning after December 31,
24 2001.