Q3 HB 1101/04 - W&M 5lr0948

(PRE-FILED)

By: **Delegate Cryor** Requested: November 10, 2004 Introduced and read first time: January 12, 2005 Assigned to: Ways and Means

A BILL ENTITLED

1 AN ACT concerning

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Income Tax Subtraction Modification for Cost of Employee Teleworking Expenses

4 FOR the purpose of providing a subtraction modification under the Maryland income

- 5 tax for costs incurred by an employer for certain teleworking expenses of certain
- 6 employees; providing that the subtraction modification of each employer may
- 7 not exceed a certain amount; providing for applications to the Secretary of
- 8 Transportation for approval of the credit and certification by the Secretary to
- 9 employers of approved credit amounts; providing that the total amount of the
- 10 subtraction modification allowed for all employers may not exceed a certain
- 11 amount; requiring the Secretary to submit a certain report; specifying the
- 12 contents of the report; defining certain terms; providing for the application and
- 13 termination of this Act; and generally relating to an income tax subtraction
- 14 modification for certain employer costs incurred for certain employee
- 15 teleworking expenses.

16 BY repealing and reenacting, without amendments,

- 17 Article Tax General
- 18 Section 10-208(a) and 10-308(a)
- 19 Annotated Code of Maryland
- 20 (2004 Replacement Volume)

21 BY adding to

- 22 Article Tax General
- 23 Section 10-208(q)
- 24 Annotated Code of Maryland
- 25 (2004 Replacement Volume)
- 26 BY repealing and reenacting, with amendments,
- 27 Article Tax General
- 28 Section 10-308(b)
- 29 Annotated Code of Maryland

1 (2004 Replacement Volume)

2 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF3 MARYLAND, That the Laws of Maryland read as follows:

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Article - Tax - General

5 10-208.

6 (a) In addition to the modification under § 10-207 of this subtitle, the 7 amounts under this section are subtracted from the federal adjusted gross income of 8 a resident to determine Maryland adjusted gross income.

9 (Q) (1) (I) IN THIS SUBSECTION THE FOLLOWING WORDS HAVE THE 10 MEANINGS INDICATED.

(II) 1. "ELIGIBLE EMPLOYEE TELEWORKING EXPENSES" MEANS
 EXPENSES PAID BY AN EMPLOYER FOR EQUIPMENT OR SERVICES THAT ARE USED BY
 AN EMPLOYEE TO TELEWORK.

142."ELIGIBLE EMPLOYEE TELEWORKING EXPENSES"15 INCLUDES THE COSTS FOR:"ELIGIBLE EMPLOYEE TELEWORKING EXPENSES"

A. INSTALLING AND MAINTAINING COMPUTERS, CABLE
MODEM OR TELEPHONE LINES, AND TELECOMMUNICATIONS EQUIPMENT AT THE
PRIVATE RESIDENCE OF AN EMPLOYEE WHO HAS BEEN AUTHORIZED TO TELEWORK
BY THE EMPLOYER OR AT AN ALTERNATE WORK SITE THAT HAS BEEN APPROVED BY
THE EMPLOYER; AND

B. PAYING FOR CABLE MODEM OR TELECOMMUNICATIONS
SERVICES, SUCH AS A MONTHLY FEE FOR CONNECTION TO THE INTERNET, THAT ARE
NECESSARY FOR AN EMPLOYEE WHO HAS BEEN AUTHORIZED TO TELEWORK BY AN
EMPLOYER.

3. "ELIGIBLE EMPLOYEE TELEWORKING EXPENSES" DOES
NOT INCLUDE COSTS INCURRED FOR USE OF EQUIPMENT OR SERVICES FOR
PURPOSES OTHER THAN TELEWORKING.

28 (III) "EMPLOYER" MEANS A PERSON CONDUCTING OR OPERATING A 29 TRADE OR BUSINESS IN THE STATE.

30 (IV) "SECRETARY" MEANS THE SECRETARY OF TRANSPORTATION.

(V) "TELEWORKING" MEANS USING CABLE MODEM OR
TELECOMMUNICATIONS TECHNOLOGY TO WORK AT A LOCATION OTHER THAN A
TRADITIONAL OFFICE SETTING.

34(2)(I)SUBJECT TO SUBPARAGRAPH (II) OF THIS PARAGRAPH, THE35SUBTRACTION UNDER SUBSECTION (A) OF THIS SECTION INCLUDES 100% OF THE

COSTS INCURRED BY AN EMPLOYER DURING THE TAXABLE YEAR FOR ELIGIBLE
 EMPLOYEE TELEWORKING EXPENSES.

3 (II) THE SUBTRACTION UNDER THIS SUBSECTION MAY NOT 4 EXCEED \$5,000 FOR ANY TAXABLE YEAR.

5 (3) (I) TO QUALIFY FOR THE SUBTRACTION MODIFICATION UNDER
6 THIS SUBSECTION, AN EMPLOYER SHALL SUBMIT AN APPLICATION TO THE
7 SECRETARY, ON OR BEFORE OCTOBER 1 OF EACH YEAR, FOR APPROVAL OF THE
8 SUBTRACTION MODIFICATION FOR A TAXABLE YEAR THAT BEGINS IN THE NEXT
9 CALENDAR YEAR.

(II) THE TOTAL AMOUNT OF SUBTRACTION MODIFICATIONS
 APPROVED BY THE SECRETARY FOR EACH CALENDAR YEAR UNDER THIS
 SUBSECTION MAY NOT EXCEED:

13 1. \$100,000 IN 2006;

14 2. \$175,000 IN 2007; AND

15 3. \$250,000 IN 2008.

(III) IF THE TOTAL AMOUNT OF SUBTRACTION MODIFICATIONS
APPLIED FOR BY ALL EMPLOYERS EXCEEDS THE MAXIMUM SPECIFIED IN
SUBPARAGRAPH (II) OF THIS PARAGRAPH, THE SECRETARY SHALL APPROVE
SUBTRACTION MODIFICATIONS UNDER THIS SUBSECTION IN THE ORDER IN WHICH
APPLICATIONS WERE RECEIVED.

(IV) ON OR BEFORE NOVEMBER 15 OF EACH YEAR, THE SECRETARY
 SHALL CERTIFY TO EACH EMPLOYER THE SUBTRACTION MODIFICATION APPROVED
 FOR THE EMPLOYER UNDER THIS SUBSECTION FOR THE TAXABLE YEAR THAT
 BEGINS IN THE NEXT CALENDAR YEAR.

(V) TO CLAIM THE SUBTRACTION MODIFICATIONS UNDER THIS
SUBSECTION, AN EMPLOYER SHALL ATTACH A COPY OF THE SECRETARY'S
CERTIFICATION OF THE SUBTRACTION MODIFICATION TO THE EMPLOYER'S INCOME
TAX RETURN.

(4) ON OR BEFORE DECEMBER 15 OF EACH YEAR, THE SECRETARY
SHALL SUBMIT TO THE COMPTROLLER AND, SUBJECT TO § 2-1246 OF THE STATE
GOVERNMENT ARTICLE, THE PRESIDENT OF THE SENATE AND THE SPEAKER OF THE
HOUSE OF DELEGATES A REPORT ON THE SUBTRACTION MODIFICATIONS APPROVED
UNDER THIS SUBSECTION FOR THE TAXABLE YEAR THAT BEGINS IN THE NEXT
CALENDAR YEAR, INCLUDING:

(I) THE TOTAL NUMBER OF EMPLOYERS THAT APPLIED FOR THE
 SUBTRACTION MODIFICATIONS UNDER THIS SUBSECTION AND THE TOTAL NUMBER
 OF EMPLOYERS APPROVED;

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4		UNOFF	ICIAL (COPY OF HOUSE BILL 41	
	SOUGHT BY ALL EI		ERS ANI	DTAL AMOUNT OF SUBTRACTION MODIFICATIONS O THE TOTAL AMOUNT OF SUBTRACTION HE SECRETARY FOR ALL EMPLOYERS; AND	
4		(III)	FOR EA	CH EMPLOYER APPROVED:	
5 6	IN THE STATE;		1.	THE NAME AND PHYSICAL LOCATION OF THE EMPLOYER	
	TELEWORKING UN THE SUBTRACTION			THE NUMBER OF EMPLOYEES THAT WOULD BE OYER AND FOR WHOM THE EMPLOYER IS SEEKING NS;	
10 11	EACH EMPLOYEE;	AND	3.	THE ELIGIBLE EMPLOYEE TELEWORKING EXPENSES FOR	
			4. ΓΗΕ ΑΜ	THE AMOUNT OF SUBTRACTION MODIFICATIONS SOUGHT OUNT OF SUBTRACTION MODIFICATIONS APPROVED	
	15(5)THE SECRETARY SHALL ADOPT REGULATIONS NECESSARY TO16CARRY OUT THE PROVISIONS OF THIS SUBSECTION.				
17 10-308.					
19	18 (a) In addition to the modification under § 10-307 of this subtitle, the 19 amounts under this section are subtracted from the federal taxable income of a 20 corporation to determine Maryland modified income.				
(b) The subtraction under subsection (a) of this section includes the amounts22 allowed to be subtracted for an individual under:					
23	(1)	§ 10-208	B(d) of the	is title (Conservation tillage equipment expenses);	
24	(2)	§ 10-208	B(i) of thi	s title (Reforestation or timber stand expenses);	
25	(3)	§ 10-208	B(k) of the	is title (Wage expenses for targeted jobs);	
26 27	(4) equipment); [and]	§ 10-208	B(m) of th	is title (Poultry or livestock manure spreading	
28 29	(5) AND	§ 10-208	B(p) of the	is title (Elevator handrails in health care facilities);	
30 31	(6) EXPENSES).	§ 10-208	8(Q) OF 1	THIS TITLE (ELIGIBLE EMPLOYEE TELEWORKING	

SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
July 1, 2005, and shall be applicable to all taxable years beginning after December 31,
2005, but before January 1, 2009. It shall remain effective for a period of 4 years and,

- at the end of June 30, 2009, with no further action required by the General Assembly,
 this Act shall be abrogated and of no further force and effect.