
By: **Delegate Cardin**

Introduced and read first time: February 18, 2005

Assigned to: Rules and Executive Nominations

A BILL ENTITLED

1 AN ACT concerning

2 **Income Tax - Deduction for Qualified Production Activities Income -**
3 **Funding for Voter Verification Process**

4 FOR the purpose of requiring an addition modification under the Maryland income
5 tax on individuals and corporations for the amount of a certain deduction
6 allowed for federal income tax purposes relating to certain production activities
7 income; requiring the Comptroller for certain fiscal years to distribute a certain
8 portion of the income tax revenues from corporations to a special fund, to be
9 used only for the purposes of implementing certain voting system requirements;
10 providing for the termination of a certain special fund on a certain date; making
11 a part of this Act contingent on the taking effect of another Act; providing for the
12 termination of part of this Act; providing for the application of this Act; and
13 generally relating to a Maryland income tax addition modification for a certain
14 federal deduction allowed for qualified production activities income and the use
15 of certain income tax revenues for funding the implementation of certain voting
16 system requirements.

17 BY adding to
18 Article - Tax - General
19 Section 2-613.1 and 10-204(i)
20 Annotated Code of Maryland
21 (2004 Replacement Volume)

22 BY repealing and reenacting, without amendments,
23 Article - Tax - General
24 Section 10-204(a) and 10-305(a)
25 Annotated Code of Maryland
26 (2004 Replacement Volume)

27 BY repealing and reenacting, with amendments,
28 Article - Tax - General
29 Section 10-305(d)
30 Annotated Code of Maryland

1 (2004 Replacement Volume)

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

4 **Article - Tax - General**

5 2-613.1.

6 (A) NOTWITHSTANDING ANY OTHER PROVISION OF LAW, FOR EACH OF FISCAL
7 YEARS 2006 THROUGH 2008, AFTER MAKING THE DISTRIBUTION REQUIRED UNDER §
8 2-613 OF THIS SUBTITLE AND BEFORE MAKING THE DISTRIBUTIONS REQUIRED
9 UNDER §§ 2-614 AND 2-615 OF THIS SUBTITLE, THE COMPTROLLER SHALL
10 DISTRIBUTE THE ADDITIONAL INCOME TAX REVENUE FROM CORPORATIONS
11 RESULTING FROM THE ADDITION MODIFICATION FOR THE DEDUCTION FOR
12 QUALIFIED PRODUCTION ACTIVITIES INCOME UNDER § 10-305(D)(4) OF THIS ARTICLE,
13 AS DETERMINED BY THE COMPTROLLER, TO A SPECIAL FUND TO BE USED ONLY FOR
14 THE PURPOSES OF IMPLEMENTING THE REQUIREMENTS OF CHAPTER ____ (H.B. 80)
15 OF THE ACTS OF THE GENERAL ASSEMBLY OF 2005.

16 (B) AT THE END OF JUNE 30, 2008, THE SPECIAL FUND ESTABLISHED UNDER
17 THIS SECTION SHALL TERMINATE AND ANY REMAINING BALANCE IN THE SPECIAL
18 FUND SHALL REVERT TO THE GENERAL FUND OF THE STATE.

19 SECTION 2. AND BE IT FURTHER ENACTED, That the Laws of Maryland
20 read as follows:

21 **Article - Tax - General**

22 10-204.

23 (a) To the extent excluded from federal adjusted gross income, the amounts
24 under this section are added to the federal adjusted gross income of a resident to
25 determine Maryland adjusted gross income.

26 (I) THE ADDITION UNDER SUBSECTION (A) OF THIS SECTION INCLUDES THE
27 AMOUNT DEDUCTED UNDER § 199 OF THE INTERNAL REVENUE CODE FOR THE
28 QUALIFIED PRODUCTION ACTIVITIES INCOME OF THE TAXPAYER FOR THE TAXABLE
29 YEAR.

30 10-305.

31 (a) To the extent excluded from federal taxable income, the amounts under
32 this section are added to the federal taxable income of a corporation to determine
33 Maryland modified income.

34 (d) The addition under subsection (a) of this section includes the additions
35 required for an individual under:

- 1 (1) § 10-204(b) of this title (Dividends and interest from another state or
2 local obligation);
- 3 (2) § 10-204(c)(2) of this title (Federal tax exempt income); [and]
- 4 (3) § 10-204(e) of this title (Oil percentage depletion allowance); AND
- 5 (4) § 10-204(I) OF THIS TITLE (DEDUCTION FOR QUALIFIED PRODUCTION
6 ACTIVITIES INCOME).

7 SECTION 3. AND BE IT FURTHER ENACTED, That Section 1 of this Act shall
8 take effect October 1, 2005, contingent on the taking effect of Chapter ____ (H.B. 80)
9 of the Acts of the General Assembly of 2005, and if Chapter ____ (H.B. 80) does not
10 become effective, Section 1 of this Act shall be null and void without the necessity of
11 further action by the General Assembly. Section 1 of this Act shall remain effective for
12 a period of 2 years and 9 months and, at the end of June 30, 2008, with no further
13 action required by the General Assembly, Section 1 of this Act shall be abrogated and
14 of no further force and effect.

15 SECTION 4. AND BE IT FURTHER ENACTED, That, except as provided in
16 Section 3 of this Act, this Act shall take effect July 1, 2005, and shall be applicable to
17 all taxable years beginning after December 31, 2004.