

Chapter 258

(House Bill 408)

AN ACT concerning

Income Tax – Subtraction Modification – Enhanced Agricultural Management Equipment

FOR the purpose of providing certain subtraction modifications under the Maryland individual and corporate income tax for certain expenses incurred to buy and install certain agricultural equipment under certain circumstances; consolidating certain provisions of law that provide certain Maryland income tax subtraction modifications for certain expenses incurred to buy and install certain agricultural equipment under certain circumstances; providing for the application of this Act; and generally relating to certain Maryland income tax subtraction modifications for certain expenses incurred to buy and install certain agricultural equipment under certain circumstances.

BY repealing and reenacting, with amendments,

Article – Tax – General

Section 10–208(d) and 10–308(b)

Annotated Code of Maryland

(2010 Replacement Volume and 2012 Supplement)

BY repealing

Article – Tax – General

Section 10–208(m)

Annotated Code of Maryland

(2010 Replacement Volume and 2012 Supplement)

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

Article – Tax – General

10–208.

(d) (1) In this subsection[, “conservation tillage equipment”]:

(i) **“ENHANCED AGRICULTURAL MANAGEMENT EQUIPMENT”** means:

1. a planter or drill that:

A. is commonly known as a “no–till” planter or drill; and

B. is designed to minimize the disturbance of the soil in planting crops;

2. liquid manure soil injection equipment that is designed to inject manure into the soil to reduce nutrient runoff; [or]

3. a deep no–till ripper that does not invert the soil profile and is used to address compaction in high residue cropping systems;

4. POULTRY OR LIVESTOCK MANURE SPREADING EQUIPMENT USED BY A FARM OWNER OR TENANT ON FARMLAND IN ACCORDANCE WITH A NUTRIENT MANAGEMENT PLAN PREPARED BY AN INDIVIDUAL LICENSED BY THE SECRETARY OF AGRICULTURE IN ACCORDANCE WITH TITLE 8, SUBTITLE 8 OF THE AGRICULTURE ARTICLE IF THE MANURE SPREADING EQUIPMENT IS USED:

A. TO SPREAD POULTRY MANURE AND BEDDING FROM NORMAL POULTRY PRODUCTION WITH A CAPABILITY OF BEING CALIBRATED TO 1 TON PER ACRE; OR

B. TO APPLY SOLID OR LIQUID LIVESTOCK WASTE;

5. VERTICAL TILLAGE EQUIPMENT USED TO INCORPORATE LIVESTOCK MANURE OR POULTRY LITTER INTO THE SOIL;

6. A GLOBAL POSITIONING SYSTEM DEVICE USED FOR MANAGEMENT OF AGRICULTURAL NUTRIENT APPLICATIONS; AND

7. AN INTEGRATED OPTICAL SENSING AND NUTRIENT APPLICATION SYSTEM THAT MEASURES CROP STATUS AND APPLIES THE CROP’S NITROGEN REQUIREMENTS AT VARIABLE RATES BASED ON PREDICTED IN–SEASON YIELD POTENTIAL FOR THE CROP AND THE PREDICTED RESPONSIVENESS OF THE CROP TO ADDITIONAL NITROGEN; and

(ii) “**ENHANCED AGRICULTURAL MANAGEMENT EQUIPMENT**” includes [a planter or drill or liquid manure soil injection] equipment that attaches to or is pulled by equipment **LISTED IN ITEM (I) OF THIS PARAGRAPH.**

(2) [The] **EXCEPT AS PROVIDED IN PARAGRAPH (3) OF THIS SUBSECTION, THE** subtraction under subsection (a) of this section includes 100% of

the expenses that a taxpayer incurs to buy and install [conservation tillage] **ENHANCED AGRICULTURAL MANAGEMENT** equipment if:

(i) the equipment has a useful life of at least 4 years;

(ii) the taxpayer:

1. bought the equipment:

A. after December 31, 1985, if the equipment is a planter or drill;

B. after December 31, 1989, if the equipment is liquid manure soil injection equipment; [or]

C. AFTER DECEMBER 31, 1997, IF THE EQUIPMENT IS POULTRY OR LIVESTOCK MANURE SPREADING EQUIPMENT;

[C.] **D.** after December 31, 2001, if the equipment is a deep no-till ripper that does not invert the soil profile; **OR**

E. AFTER DECEMBER 31, 2012, IF THE EQUIPMENT IS A GLOBAL POSITIONING SYSTEM DEVICE USED FOR MANAGEMENT OF AGRICULTURAL NUTRIENT APPLICATIONS OR AN INTEGRATED OPTICAL SENSING AND NUTRIENT APPLICATION SYSTEM;

2. owns the equipment for at least 3 years after the taxable year in which the subtraction is made; and

3. uses the equipment in agricultural production; and

(iii) for liquid manure soil injection equipment, the equipment is:

1. used on land upon which farm products, as defined under § 10-601 of the Agriculture Article, are raised; and

2. not used to inject sludge into the soil.

(3) THE SUBTRACTION UNDER SUBSECTION (A) OF THIS SECTION INCLUDES 50% OF THE EXPENSES THAT A TAXPAYER INCURS TO BUY AND INSTALL ENHANCED AGRICULTURAL MANAGEMENT EQUIPMENT THAT IS VERTICAL TILLAGE EQUIPMENT USED TO INCORPORATE LIVESTOCK MANURE OR POULTRY LITTER INTO THE SOIL IF:

(I) THE EQUIPMENT HAS A USEFUL LIFE OF AT LEAST 4 YEARS; AND

(II) THE TAXPAYER:

1. BOUGHT THE EQUIPMENT AFTER DECEMBER 31, 2012;

2. OWNS THE EQUIPMENT FOR AT LEAST 3 YEARS AFTER THE TAXABLE YEAR IN WHICH THE SUBTRACTION IS MADE; AND

3. USES THE EQUIPMENT IN AGRICULTURAL PRODUCTION.

[(3)] (4) To qualify for the subtraction under **[paragraph (2)] PARAGRAPHS (2) AND (3)** of this subsection, a taxpayer shall file a statement from the Department of Agriculture certifying compliance with the requirements of this section.

[(4)] (5) If the subtraction allowed under **[paragraph (2)] PARAGRAPHS (2) AND (3)** of this subsection exceeds the Maryland taxable income that is computed without the modification allowed under this subsection and the subtraction is not used for the taxable year, the excess may be carried over to succeeding taxable years, not to exceed 5, until the full amount of the subtraction is used.

[(m)] (1) In this subsection, “poultry or livestock manure spreading equipment” means equipment that is used by a farm owner or tenant on farmland in accordance with a nutrient management plan prepared by an individual licensed by the Secretary of Agriculture in accordance with Title 8, Subtitle 8 of the Agriculture Article if the manure spreading equipment is used:

(i) to spread poultry manure and bedding from normal poultry production with a capability of being calibrated to 1.0 ton per acre; or

(ii) to apply solid or liquid livestock waste.

(2) The subtraction under subsection (a) of this section includes 100% of the expense that a taxpayer incurs to buy poultry or livestock manure spreading equipment if the taxpayer:

(i) purchased the spreading equipment after December 31, 1997; and

(ii) owns the spreading equipment for at least 3 years after the taxable year in which the subtraction is made.

(3) To qualify for the subtraction under paragraph (2) of this subsection, a taxpayer shall file a statement from the Department of Agriculture certifying compliance with the requirements of paragraph (2) of this subsection.

(4) If the subtraction allowed under paragraph (2) of this subsection exceeds the Maryland taxable income that is computed without the modification allowed under this subsection and the subtraction is not used for the taxable year, the excess may be carried over to succeeding taxable years, not to exceed 5, until the full amount of the subtraction is used.]

10-308.

(b) The subtraction under subsection (a) of this section includes the amounts allowed to be subtracted for an individual under:

(1) § 10-208(d) of this title ([Conservation tillage] **ENHANCED AGRICULTURAL MANAGEMENT** equipment expenses);

(2) § 10-208(i) of this title (Reforestation or timber stand expenses);

(3) § 10-208(k) of this title (Wage expenses for targeted jobs); **AND**

[(4) § 10-208(m) of this title (Poultry or livestock manure spreading equipment); and]

[(5) (4) § 10-208(p) of this title (Elevator handrails in health care facilities).

SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect July 1, 2013, and shall be applicable to all taxable years beginning after December 31, 2012.

Approved by the Governor, May 2, 2013.