

HOUSE BILL 1169

Q3

4lr1980

By: Delegates F. Turner, Hixson, Beidle, Bohanan, Burns, DeBoy, Frush,
Glass, Hammen, Healey, Hogan, Howard, Kaiser, Love, McDonough,
McHale, Proctor, Ready, Rudolph, Stocksdale, and Stukes

Introduced and read first time: February 7, 2014

Assigned to: Ways and Means

A BILL ENTITLED

1 AN ACT concerning

2 **Income Tax Credit – Unemployed Veterans – Start-Up Business**

3 FOR the purpose of allowing a qualified veteran a credit against the State income tax
4 for certain qualified expenses associated with starting a business during the
5 taxable year; providing that the credit may not exceed a certain amount;
6 providing that the credit may not be carried forward to another taxable year;
7 requiring the business to meet certain qualifications; requiring the Comptroller
8 to adopt certain regulations and provide a certain annual report; defining
9 certain terms; providing for the application of this Act; and generally relating to
10 an income tax credit for certain qualified veterans.

11 BY adding to

12 Article – Tax – General

13 Section 10–736

14 Annotated Code of Maryland

15 (2010 Replacement Volume and 2013 Supplement)

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

18 **Article – Tax – General**

19 **10–736.**

20 (A) (1) IN THIS SECTION THE FOLLOWING WORDS HAVE THE
21 MEANINGS INDICATED.

22 (2) “QUALIFIED EXPENSE” INCLUDES:

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 (I) COSTS ASSOCIATED WITH DEVELOPMENT OF A
2 BUSINESS PLAN;

3 (II) THE COST OF PROFESSIONAL SERVICES ASSOCIATED
4 WITH THE FORMATION OF A BUSINESS;

5 (III) THE COST ASSOCIATED WITH THE ANALYSIS OR SURVEY
6 OF POTENTIAL MARKETS, PRODUCTS, LABOR SUPPLY, OR TRANSPORTATION
7 FACILITIES;

8 (IV) THE COST OF ADVERTISEMENTS FOR THE OPENING OF A
9 BUSINESS;

10 (V) SALARIES AND WAGES FOR EMPLOYEES WHO ARE BEING
11 TRAINED; AND

12 (VI) COSTS RELATED TO TRAVEL FOR SECURING
13 PROSPECTIVE DISTRIBUTORS, SUPPLIERS, OR CUSTOMERS.

14 (3) "QUALIFIED VETERAN" MEANS AN INDIVIDUAL WHO:

15 (I) 1. WAS A RESIDENT OF THE STATE AT THE TIME OF
16 ENTRY INTO MILITARY SERVICE; OR

17 2. WAS A MEMBER OF THE MARYLAND NATIONAL
18 GUARD OR OTHER RESERVE UNIT LOCATED IN THE STATE THAT WAS
19 MOBILIZED TO ACTIVE FEDERAL MILITARY SERVICE; AND

20 (II) IS COLLECTING OR IS ELIGIBLE TO COLLECT
21 UNEMPLOYMENT BENEFITS.

22 (B) (1) SUBJECT TO THE LIMITATIONS OF THIS SECTION, A
23 QUALIFIED VETERAN MAY CLAIM A CREDIT AGAINST THE STATE INCOME TAX
24 FOR A TAXABLE YEAR FOR UP TO \$2,000 OF QUALIFIED EXPENSES PAID BY THE
25 QUALIFIED VETERAN TO START A BUSINESS DURING THE TAXABLE YEAR.

26 (2) A QUALIFIED VETERAN MAY CLAIM THE CREDIT ONLY ONE
27 TIME.

28 (C) (1) THE TOTAL AMOUNT OF THE CREDIT ALLOWED UNDER THIS
29 SECTION FOR ANY TAXABLE YEAR MAY NOT EXCEED THE STATE INCOME TAX
30 FOR THAT TAXABLE YEAR, CALCULATED BEFORE APPLICATION OF THE CREDITS

1 UNDER THIS SECTION AND §§ 10-701 AND 10-701.1 OF THIS SUBTITLE BUT
2 AFTER THE APPLICATION OF THE OTHER CREDITS ALLOWABLE UNDER THIS
3 SUBTITLE.

4 (2) THE UNUSED AMOUNT OF THE CREDIT FOR ANY TAXABLE
5 YEAR MAY NOT BE CARRIED OVER TO ANY OTHER TAXABLE YEAR.

6 (D) TO QUALIFY FOR THE CREDIT UNDER THIS SECTION, THE BUSINESS
7 MUST:

8 (1) BE FOUNDED WITHIN 2 YEARS AFTER THE QUALIFIED
9 VETERAN RECEIVES AN HONORABLE OR GENERAL DISCHARGE FROM ACTIVE
10 FEDERAL MILITARY SERVICE;

11 (2) BE AT LEAST 50% OWNED BY THE QUALIFIED VETERAN;

12 (3) BE LOCATED IN THE STATE;

13 (4) EMPLOY AT LEAST 5 INDIVIDUALS; AND

14 (5) HAVE A NET PROFIT OF AT LEAST \$3,000 FOR THE TAXABLE
15 YEAR THAT THE CREDIT IS CLAIMED.

16 (E) THE COMPTROLLER SHALL ADOPT REGULATIONS TO CARRY OUT
17 THE PROVISIONS OF THIS SECTION.

18 (F) ON OR BEFORE JANUARY 1 OF EACH YEAR, THE COMPTROLLER
19 SHALL REPORT TO THE SENATE BUDGET AND TAXATION COMMITTEE AND THE
20 HOUSE WAYS AND MEANS COMMITTEE, IN ACCORDANCE WITH § 2-1246 OF THE
21 STATE GOVERNMENT ARTICLE, ON THE NUMBER OF QUALIFIED VETERANS
22 THAT CLAIM THE CREDIT EACH YEAR.

23 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
24 July 1, 2014, and shall be applicable to all taxable years beginning after December 31,
25 2014.