

# 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

AN ACT concerning

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

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

BY adding to

Article – Tax – General

Section 10–736

Annotated Code of Maryland

(2010 Replacement Volume and 2013 Supplement)

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

### **Article – Tax – General**

#### **10–736.**

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

(2) “QUALIFIED EXPENSE” INCLUDES:

---

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(3) BE LOCATED IN THE STATE;

(4) EMPLOY AT LEAST 5 INDIVIDUALS; AND

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

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

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

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