

SENATE BILL 345

Q3, M4

5lr2502
CF HB 536

By: **Senators Middleton and King**

Introduced and read first time: February 6, 2015

Assigned to: Budget and Taxation

Committee Report: Favorable

Senate action: Adopted

Read second time: March 19, 2015

CHAPTER _____

1 AN ACT concerning

2 **Income Tax – Subtraction Modification – Enhanced Agricultural Management**
3 **Equipment**

4 FOR the purpose of altering the definition of “enhanced agricultural management
5 equipment” as it relates to a subtraction modification under the Maryland income
6 tax to allow the subtraction if a certain nutrient management plan is prepared by an
7 individual with a certain certification instead of a certain license; altering the
8 definition of “enhanced agricultural management equipment” to include a certain
9 manure loading or hauling equipment and commercial fertilizer application
10 equipment; providing for the application of this Act; and generally relating to a
11 subtraction modification for certain agricultural management equipment.

12 BY repealing and reenacting, without amendments,
13 Article – Tax – General
14 Section 10–208(a) and 10–308(b)
15 Annotated Code of Maryland
16 (2010 Replacement Volume and 2014 Supplement)

17 BY repealing and reenacting, with amendments,
18 Article – Tax – General
19 Section 10–208(d)
20 Annotated Code of Maryland
21 (2010 Replacement Volume and 2014 Supplement)

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.

Underlining indicates amendments to bill.

~~Strike out~~ indicates matter stricken from the bill by amendment or deleted from the law by amendment.



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

3 **Article – Tax – General**

4 10–208.

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

8 (d) (1) In this subsection:

9 (i) “enhanced agricultural management equipment” means:

10 1. a planter or drill that:

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

12 B. is designed to minimize the disturbance of the soil in

13 planting crops;

14 2. liquid manure soil injection equipment that is designed to
15 inject manure into the soil to reduce nutrient runoff;

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

18 4. poultry or livestock manure spreading equipment used by
19 a farm owner or tenant on farmland in accordance with a nutrient management plan
20 prepared by an individual [licensed] **CERTIFIED** by the Secretary of Agriculture in
21 accordance with Title 8, Subtitle 8 of the Agriculture Article if the manure spreading
22 equipment is used:

23 A. to spread poultry manure and bedding from normal
24 poultry production with a capability of being calibrated to 1 ton per acre; or

25 B. to apply solid or liquid livestock waste;

26 5. vertical tillage equipment used to incorporate livestock
27 manure or poultry litter into the soil;

28 6. a global positioning system device used for management of
29 agricultural nutrient applications; [and]

30 7. an integrated optical sensing and nutrient application
31 system that measures crop status and applies the crop’s nitrogen requirements at variable

1 rates based on predicted in-season yield potential for the crop and the predicted
2 responsiveness of the crop to additional nitrogen; [and]

3 **8. POULTRY OR LIVESTOCK MANURE LOADING OR**
4 **HAULING EQUIPMENT USED BY A PERSON TO TRANSPORT ANIMAL MANURE FROM A**
5 **FARM IF:**

6 **A. THE MANURE LOADING EQUIPMENT IS**
7 **NONSELF-PROPELLED WHEELED EQUIPMENT; OR**

8 **B. THE MANURE HAULING EQUIPMENT IS**
9 **NONPOWERED TRAILED UNITS CAPABLE OF SELF-UNLOADING; AND**

10 **9. COMMERCIAL FERTILIZER APPLICATION EQUIPMENT**
11 **USED BY A FARM OPERATOR THAT PREVIOUSLY USED MANURE EXCLUSIVELY AS A**
12 **FERTILIZER SOURCE; AND**

13 (ii) “enhanced agricultural management equipment” includes
14 equipment that attaches to or is pulled by equipment listed in item (i) of this paragraph.

15 (2) Except as provided in paragraph (3) of this subsection, the subtraction
16 under subsection (a) of this section includes 100% of the expenses that a taxpayer incurs to
17 buy and install enhanced agricultural management equipment if:

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

19 (ii) the taxpayer:

20 1. bought the equipment:

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

23 B. after December 31, 1989, if the equipment is liquid
24 manure soil injection equipment;

25 C. after December 31, 1997, if the equipment is poultry or
26 livestock manure spreading equipment;

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

29 E. after December 31, 2012, if the equipment is a global
30 positioning system device used for management of agricultural nutrient applications or an
31 integrated optical sensing and nutrient application system;

1 **F. AFTER DECEMBER 31, 2014, IF THE EQUIPMENT IS**
 2 **POULTRY OR LIVESTOCK MANURE LOADING OR HAULING EQUIPMENT; OR**

3 **G. AFTER DECEMBER 31, 2014, IF THE EQUIPMENT IS**
 4 **COMMERCIAL FERTILIZER APPLICATION EQUIPMENT;**

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

7 3. uses the equipment:

8 **A. in agricultural production; OR**

9 **B. FOR POULTRY OR LIVESTOCK MANURE LOADING OR**
 10 **HAULING EQUIPMENT, TO TRANSPORT ANIMAL MANURE FROM A FARM; and**

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

12 1. used on land upon which farm products, as defined under
 13 § 10–601 of the Agriculture Article, are raised; and

14 2. not used to inject sludge into the soil.

15 (3) The subtraction under subsection (a) of this section includes 50% of the
 16 expenses that a taxpayer incurs to buy and install enhanced agricultural management
 17 equipment that is vertical tillage equipment used to incorporate livestock manure or
 18 poultry litter into the soil if:

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

20 (ii) the taxpayer:

21 1. bought the equipment after December 31, 2012;

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

24 3. uses the equipment in agricultural production.

25 (4) To qualify for the subtraction under paragraphs (2) and (3) of this
 26 subsection, a taxpayer shall file a statement from the Department of Agriculture certifying
 27 compliance with the requirements of this section.

28 (5) If the subtraction allowed under paragraphs (2) and (3) of this
 29 subsection exceeds the Maryland taxable income that is computed without the modification
 30 allowed under this subsection and the subtraction is not used for the taxable year, the

1 excess may be carried over to succeeding taxable years, not to exceed 5, until the full
2 amount of the subtraction is used.

3 10-308.

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

6 (1) § 10-208(d) of this title (Enhanced agricultural management
7 equipment expenses);

8 (2) § 10-208(i) of this title (Reforestation or timber stand expenses);

9 (3) § 10-208(k) of this title (Wage expenses for targeted jobs); and

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

11 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect July
12 1, 2015, and shall be applicable to all taxable years beginning after December 31, 2014.

Approved:

Governor.

President of the Senate.

Speaker of the House of Delegates.