

SENATE BILL 860

Q3, M4

5lr2792

By: **Senator Middleton**

Introduced and read first time: February 25, 2015

Assigned to: Rules

Re-referred to: Budget and Taxation, March 6, 2015

Committee Report: Favorable with amendments

Senate action: Adopted

Read second time: April 3, 2015

CHAPTER _____

1 AN ACT concerning

2 **Income Tax – Subtraction Modification – Commercial Fertilizer**

3 FOR the purpose of allowing a subtraction modification under the Maryland individual and
4 corporate income tax for certain taxable years for certain expenses related to the
5 application of certain commercial fertilizer; requiring the State Department of
6 Agriculture to certify the amount allowed as a subtraction; requiring a taxpayer to
7 file a certain certification with the taxpayer's income tax return; providing for the
8 carryforward of any unused portion of the subtraction; providing that a taxpayer
9 may not be allowed the subtraction for more than a certain number of consecutive
10 years; defining certain terms; providing for a delayed effective date; providing for the
11 termination of this Act; and generally relating to a subtraction modification for
12 certain expenses related to commercial fertilizer under the Maryland individual and
13 corporate income tax.

14 BY repealing and reenacting, without amendments,
15 Article – Tax – General
16 Section 10–208(a)
17 Annotated Code of Maryland
18 (2010 Replacement Volume and 2014 Supplement)

19 BY adding to
20 Article – Tax – General
21 Section 10–208(v)
22 Annotated Code of Maryland

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.



(2010 Replacement Volume and 2014 Supplement)

BY repealing and reenacting, with amendments,
Article – Tax – General
Section 10–308(b)
Annotated Code of Maryland
(2010 Replacement Volume and 2014 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.

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

(V) (1) (I) IN THIS SUBSECTION THE FOLLOWING WORDS HAVE THE MEANINGS INDICATED.

(II) “COMMERCIAL FERTILIZER” HAS THE MEANING STATED IN § 6–201 OF THE AGRICULTURE ARTICLE.

(III) “DEPARTMENT” MEANS THE STATE DEPARTMENT OF AGRICULTURE.

(IV) “QUALIFIED COMMERCIAL FERTILIZER” MEANS COMMERCIAL FERTILIZER THAT IS NECESSARY TO TRANSITION AN AGRICULTURAL PRODUCTION FROM USING ANIMAL MANURE AS FERTILIZER.

(2) (I) SUBJECT TO THE LIMITATIONS OF THIS SUBSECTION, FOR A TAXABLE YEAR BEGINNING AFTER DECEMBER 31, ~~2017~~ 2016, BUT BEFORE JANUARY 1, 2026, THE SUBTRACTION UNDER SUBSECTION (A) OF THIS SECTION INCLUDES THE ADDITIONAL EXPENSES THAT A TAXPAYER INCURS TO PURCHASE QUALIFIED COMMERCIAL FERTILIZER.

(II) THE DEPARTMENT SHALL CERTIFY THE AMOUNT ALLOWED AS A SUBTRACTION UNDER THIS SUBSECTION BY SUBTRACTING THE ESTIMATED COST TO PURCHASE AND APPLY ANIMAL MANURE TO THE AGRICULTURAL PRODUCTION FROM THE PRODUCT OF MULTIPLYING:

1. THE TOTAL NUMBER OF ACRES FOR WHICH QUALIFIED COMMERCIAL FERTILIZER IS NECESSARY; AND

1 **2. THE ESTIMATED COST PER ACRE OF THE QUALIFIED**
2 **COMMERCIAL FERTILIZER.**

3 **(3) TO QUALIFY FOR THE SUBTRACTION UNDER THIS SUBSECTION, A**
4 **TAXPAYER MUST FILE WITH THE TAXPAYER'S INCOME TAX RETURN A**
5 **CERTIFICATION FROM THE DEPARTMENT PROVIDING:**

6 **(I) THAT THE TAXPAYER HAS DOCUMENTATION OF THE**
7 **HISTORICAL USE OF ANIMAL MANURE UNDER PRIOR CROP ROTATIONS;**

8 **(II) THAT THE ADDITIONAL COMMERCIAL FERTILIZER**
9 **EXPENSES ARE NECESSARY TO:**

10 **1. CONVERT AGRICULTURAL PRODUCTION FROM USING**
11 **ANIMAL MANURE AS FERTILIZER; AND**

12 **2. COMPLY WITH REGULATIONS ADOPTED BY THE**
13 **DEPARTMENT; AND**

14 **(III) THE AMOUNT OF THE SUBTRACTION THAT THE TAXPAYER IS**
15 **ELIGIBLE FOR.**

16 **(4) IF THE SUBTRACTION ALLOWED UNDER THIS SUBSECTION**
17 **EXCEEDS THE MARYLAND TAXABLE INCOME THAT IS COMPUTED WITHOUT THE**
18 **MODIFICATION ALLOWED UNDER THIS SUBSECTION AND ANY AMOUNT OF THE**
19 **SUBTRACTION IS NOT USED FOR THE TAXABLE YEAR, THE EXCESS MAY BE CARRIED**
20 **OVER TO SUCCEEDING TAXABLE YEARS, NOT TO EXCEED 5 YEARS, UNTIL THE FULL**
21 **AMOUNT OF THE SUBTRACTION IS USED.**

22 **(5) THE SUBTRACTION ALLOWED UNDER THIS SUBSECTION MAY NOT**
23 **BE ALLOWED FOR A TAXPAYER FOR MORE THAN 8 CONSECUTIVE YEARS.**

24 10-308.

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

27 (1) § 10-208(d) of this title (Enhanced agricultural management
28 equipment expenses);

29 (2) § 10-208(i) of this title (Reforestation or timber stand expenses);

30 (3) § 10-208(k) of this title (Wage expenses for targeted jobs); [and]

1 (4) § 10-208(p) of this title (Elevator handrails in health care facilities);
2 AND

3 (5) § 10-208(v) OF THIS TITLE (QUALIFIED COMMERCIAL
4 FERTILIZER).

5 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect July
6 1, ~~2017~~ 2016. It shall remain effective for a period of ~~9~~ 10 years and, at the end of June 30,
7 2026, with no further action required by the General Assembly, this Act shall be abrogated
8 and of no further force and effect.

Approved:

Governor.

President of the Senate.

Speaker of the House of Delegates.