

SENATE BILL 728

Q3

6lr3399
CF 6lr2431

By: **Senators Mathias and Edwards**

Introduced and read first time: February 5, 2016

Assigned to: Budget and Taxation

A BILL ENTITLED

1 AN ACT concerning

2 **Income Tax Credit – New Dwellings – Automatic Fire Sprinkler Systems**

3 FOR the purpose of allowing a certain owner of a certain new dwelling to claim a credit
4 against the State income tax in a certain amount if a certain sprinkler system is
5 installed in the new dwelling; limiting the tax credit to one record owner of a certain
6 new dwelling; requiring the individual eligible for the tax credit to submit a certain
7 application to the Office of the State Fire Marshal; requiring the Office to approve
8 applications for the credit on a first–come, first–served basis and to certify the
9 amount of the credit within a certain period of time; limiting the total amount of
10 credits that may be approved in a taxable year; providing that the amount of the
11 credit may not exceed the State income tax for that taxable year; authorizing a
12 certain individual to apply any excess amount of the credit against the State income
13 tax for succeeding taxable years; defining certain terms; providing for the application
14 of this Act; and generally relating to an income tax credit for new dwellings with
15 automatic fire sprinkler systems.

16 BY adding to

17 Article – Tax – General

18 Section 10–737

19 Annotated Code of Maryland

20 (2010 Replacement Volume and 2015 Supplement)

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

23 **Article – Tax – General**

24 **10–737.**

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



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

3 **(2) “NEW DWELLING” MEANS A SINGLE-FAMILY DWELLING:**

4 **(I) THAT IS CONSTRUCTED ON OR AFTER JANUARY 1, 2016;**
5 **AND**

6 **(II) IN WHICH THERE IS AN AUTOMATIC FIRE SPRINKLER**
7 **SYSTEM INSTALLED IN COMPLIANCE WITH THE MARYLAND BUILDING**
8 **PERFORMANCE STANDARDS.**

9 **(3) “OFFICE” MEANS THE OFFICE OF THE STATE FIRE MARSHAL IN**
10 **THE DEPARTMENT OF STATE POLICE.**

11 **(B) (1) SUBJECT TO THE LIMITATIONS OF THIS SECTION, AN INDIVIDUAL**
12 **WHO IS THE RECORD OWNER OF A NEW DWELLING MAY CLAIM A CREDIT AGAINST**
13 **THE STATE INCOME TAX FOR THE TAXABLE YEAR IN WHICH THE INDIVIDUAL**
14 **BECOMES THE RECORD OWNER OF THE NEW DWELLING IN AN AMOUNT EQUAL TO**
15 **\$1.25 FOR EACH SQUARE FOOT OF THE NEW DWELLING.**

16 **(2) ONLY ONE RECORD OWNER FOR EACH NEW DWELLING MAY CLAIM**
17 **THE CREDIT ALLOWED UNDER THIS SECTION.**

18 **(C) (1) (I) AN INDIVIDUAL ELIGIBLE FOR THE TAX CREDIT UNDER**
19 **SUBSECTION (B) OF THIS SECTION SHALL SUBMIT AN APPLICATION FOR THE CREDIT**
20 **TO THE OFFICE.**

21 **(II) THE APPLICATION SHALL INCLUDE VERIFICATION THAT**
22 **THE INDIVIDUAL IS THE RECORD OWNER OF THE NEW DWELLING.**

23 **(2) THE OFFICE SHALL:**

24 **(I) SUBJECT TO PARAGRAPH (3) OF THIS SUBSECTION,**
25 **APPROVE ALL APPLICATIONS THAT QUALIFY FOR A CREDIT UNDER THIS SECTION ON**
26 **A FIRST-COME, FIRST-SERVED BASIS; AND**

27 **(II) WITHIN 30 DAYS OF RECEIPT OF AN APPLICATION, CERTIFY**
28 **THE AMOUNT OF ANY APPROVED TAX CREDIT TO THE QUALIFIED APPLICANT.**

29 **(3) THE TOTAL AMOUNT OF CREDITS APPROVED BY THE OFFICE MAY**
30 **NOT EXCEED \$1,000,000 IN ANY TAXABLE YEAR.**

1 **(D) (1) THE TOTAL AMOUNT OF THE CREDIT ALLOWED UNDER THIS**
2 **SECTION FOR ANY TAXABLE YEAR MAY NOT EXCEED THE STATE INCOME TAX**
3 **IMPOSED FOR THAT TAXABLE YEAR.**

4 **(2) IF THE CREDIT ALLOWED UNDER THIS SECTION IN A TAXABLE**
5 **YEAR EXCEEDS THE STATE INCOME TAX FOR THAT TAXABLE YEAR, THE INDIVIDUAL**
6 **CLAIMING THE CREDIT MAY APPLY THE EXCESS AS A CREDIT AGAINST THE STATE**
7 **INCOME TAX FOR SUCCEEDING TAXABLE YEARS UNTIL THE FULL AMOUNT OF THE**
8 **EXCESS IS USED.**

9 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect July
10 1, 2016, and shall be applicable to all taxable years beginning after December 31, 2015.