

# SENATE BILL 728

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CF HB 1143

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By: ~~Senators Mathias and Edwards~~, Edwards, Eckardt, and Serafini

Introduced and read first time: February 5, 2016

Assigned to: Budget and Taxation

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Committee Report: Favorable with amendments

Senate action: Adopted

Read second time: March 30, 2016

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## CHAPTER \_\_\_\_\_

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

17 BY adding to  
18 Article – Tax – General  
19 Section 10–737  
20 Annotated Code of Maryland  
21 (2010 Replacement Volume and 2015 Supplement)

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

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**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.



## Article – Tax – General

1

2 10-737.

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

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

6 (I) THAT IS CONSTRUCTED ON OR AFTER JANUARY 1, 2016;  
7 ~~AND~~

8 (II) THAT HAS NO MORE THAN 2,000 SQUARE FEET OF LIVING  
9 SPACE;

10 (III) THAT IS LOCATED IN ALLEGANY, CAROLINE, CECIL,  
11 DORCHESTER, GARRETT, KENT, QUEEN ANNE’S, SOMERSET, TALBOT,  
12 WASHINGTON, WICOMICO, OR WORCESTER COUNTIES; AND

13 ~~(IV)~~ (IV) IN WHICH THERE IS AN AUTOMATIC FIRE SPRINKLER  
14 SYSTEM INSTALLED IN COMPLIANCE WITH THE MARYLAND BUILDING  
15 PERFORMANCE STANDARDS.

16 (3) “OFFICE” MEANS THE OFFICE OF THE STATE FIRE MARSHAL IN  
17 THE DEPARTMENT OF STATE POLICE.

18 (B) (1) SUBJECT TO THE LIMITATIONS OF THIS SECTION, AN INDIVIDUAL  
19 WHO IS THE RECORD OWNER OF A NEW DWELLING MAY CLAIM A CREDIT AGAINST  
20 THE STATE INCOME TAX FOR THE TAXABLE YEAR IN WHICH THE INDIVIDUAL  
21 BECOMES THE RECORD OWNER OF THE NEW DWELLING IN AN AMOUNT EQUAL TO  
22 \$1.25 FOR EACH SQUARE FOOT OF THE NEW DWELLING.

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

25 (C) (1) (I) AN INDIVIDUAL ELIGIBLE FOR THE TAX CREDIT UNDER  
26 SUBSECTION (B) OF THIS SECTION SHALL SUBMIT AN APPLICATION FOR THE CREDIT  
27 TO THE OFFICE.

28 (II) THE APPLICATION SHALL INCLUDE VERIFICATION THAT  
29 THE INDIVIDUAL IS THE RECORD OWNER OF THE NEW DWELLING.

30 (2) THE OFFICE SHALL:

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

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

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

8 (4) THE OFFICE MAY NOT APPROVE A CREDIT IN A TAXABLE YEAR  
9 BEGINNING AFTER DECEMBER 31, 2018.

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

13 (2) IF THE CREDIT ALLOWED UNDER THIS SECTION IN A TAXABLE  
14 YEAR EXCEEDS THE STATE INCOME TAX FOR THAT TAXABLE YEAR, THE INDIVIDUAL  
15 CLAIMING THE CREDIT MAY APPLY THE EXCESS AS A CREDIT AGAINST THE STATE  
16 INCOME TAX FOR SUCCEEDING TAXABLE YEARS UNTIL THE FULL AMOUNT OF THE  
17 EXCESS IS USED.

18 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect July  
19 1, 2016, and shall be applicable to all taxable years beginning after December 31, 2015.

Approved:

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Governor.

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President of the Senate.

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Speaker of the House of Delegates.