

SB0317/863526/1

BY: Senator Manno

AMENDMENTS TO SENATE BILL 317, AS AMENDED
(First Reading File Bill)

AMENDMENT NO. 1

On page 2 of the Budget and Taxation Committee Amendments (SB0317/549137/1), in line 8 of Amendment No. 1, before “allowing” insert “providing a subtraction modification under the State income tax for certain income earned as an employee of a certain business entity;”.

On page 2 of the bill, before line 16, insert:

“BY repealing and reenacting, without amendments,

Article - Tax - General

Section 10-207(a)

Annotated Code of Maryland

(2016 Replacement Volume)”;

in line 23, after “Section” insert “10-207(ee).”; and in the same line, after “10-741” insert a comma.

AMENDMENT NO. 2

On page 9 of the bill, after line 9, insert:

“10-207.

(a) To the extent included in federal adjusted gross income, the amounts under this section are subtracted from the federal adjusted gross income of a resident to determine Maryland adjusted gross income.

(Over)

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

(II) 1. “MANUFACTURING ENTITY” MEANS A PERSON CONDUCTING OR OPERATING A TRADE OR BUSINESS THAT IS PRIMARILY ENGAGED IN ACTIVITIES THAT, IN ACCORDANCE WITH THE NORTH AMERICAN INDUSTRIAL CLASSIFICATION SYSTEM (NAICS), UNITED STATES MANUAL, UNITED STATES OFFICE OF MANAGEMENT AND BUDGET, 2012 EDITION, WOULD BE INCLUDED IN SECTOR 31, 32, OR 33.

2. “MANUFACTURING ENTITY” DOES NOT INCLUDE A REFINER, AS DEFINED IN § 10–101 OF THE BUSINESS REGULATION ARTICLE.

(III) “QUALIFIED BUSINESS ENTITY” HAS THE MEANING STATED IN § 6-801 OF THE ECONOMIC DEVELOPMENT ARTICLE.

(IV) “QUALIFIED INCOME” MEANS WAGES OR SALARY ATTRIBUTABLE TO EMPLOYMENT BY A MANUFACTURING ENTITY.

(2) (I) SUBJECT TO THE LIMITATIONS OF THIS SECTION, THE SUBTRACTION UNDER SUBSECTION (A) OF THIS SECTION INCLUDES AN AMOUNT EQUAL TO A PERCENTAGE, AS PROVIDED IN SUBPARAGRAPH (II) OF THIS PARAGRAPH, OF THE QUALIFIED INCOME OF AN INDIVIDUAL EARNED AS AN EMPLOYEE OF A QUALIFIED BUSINESS ENTITY.

(II) THE SUBTRACTION UNDER THIS SUBSECTION SHALL EQUAL 15% OF THE QUALIFIED INCOME FOR THE FIRST TAXABLE YEAR IN WHICH THE INDIVIDUAL CLAIMS THE SUBTRACTION.

(III) AN INDIVIDUAL MAY NOT CLAIM THE SUBTRACTION ALLOWED UNDER THIS SUBSECTION FOR MORE THAN 10 TAXABLE YEARS.

(3) THE SUBTRACTION UNDER THIS SUBSECTION DOES NOT APPLY TO AN INDIVIDUAL WHO HAS MORE THAN \$65,000 OF QUALIFIED INCOME EARNED AS AN EMPLOYEE OF A QUALIFIED BUSINESS ENTITY DURING THE TAXABLE YEAR.”.