Q3 7lr3435 CF SB 138

By: Delegates Carey and Lisanti

Introduced and read first time: February 6, 2017

Assigned to: Ways and Means

## A BILL ENTITLED

1 AN ACT concerning 2 Income Tax Credit - Security Clearances - Employer Costs - Extension 3 FOR the purpose of extending the number of taxable years for which an individual or 4 corporation may claim a credit against the State income tax for certain costs incurred 5 to obtain federal security clearances, to rent certain spaces, and to construct or 6 renovate certain sensitive compartmented information facilities in the State; making certain stylistic changes; and generally relating to a credit against the State income 7 8 tax for costs related to federal security clearances. 9 BY repealing and reenacting, with amendments, 10 Article - Tax - General 11 Section 10–732 12 Annotated Code of Maryland 13 (2016 Replacement Volume) SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND, 14 15 That the Laws of Maryland read as follows: Article – Tax – General 16 17 10-732.18 (a) In this section the following words have the meanings indicated. (1) 19 (2)"Costs" means the costs to an individual or corporation for: 20 security clearance administrative expenses incurred with regard to an employee in the State including, but not limited to: 2122 1. processing application requests for clearances

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

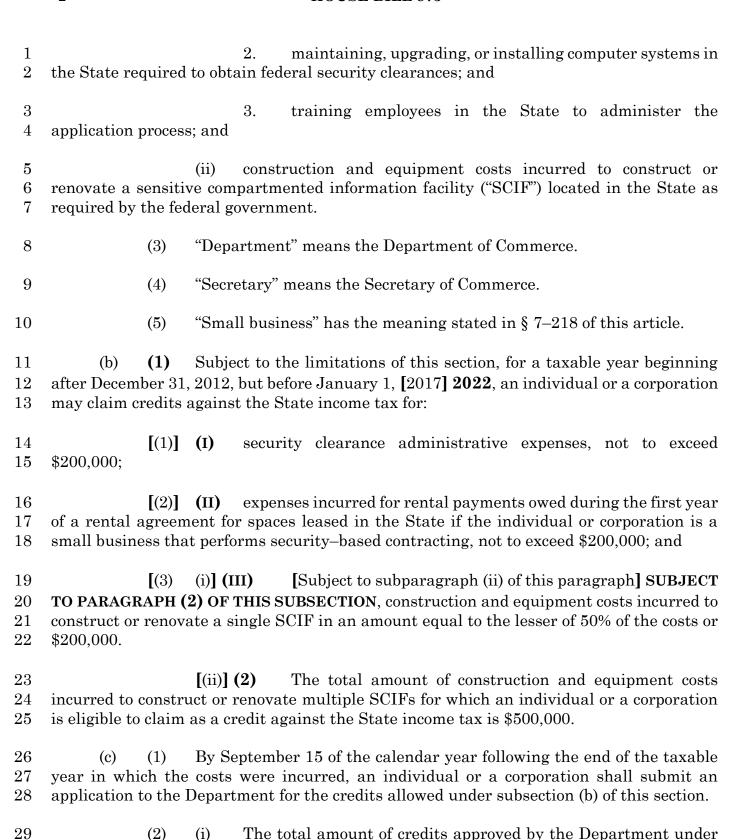
[Brackets] indicate matter deleted from existing law.

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employees in the State;



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31 (ii) If the total amount of credits applied for by all individuals and 32 corporations under subsection (b) of this section exceeds the maximum specified under

subsection (b) of this section may not exceed \$2,000,000 for any calendar year.

- subparagraph (i) of this paragraph, the Department shall approve a credit under subsection
  (b) of this section for each applicant in an amount equal to the product of multiplying the
- 3 credit applied for by the applicant times a fraction:
- the numerator of which is the maximum specified under subparagraph (i) of this paragraph; and
- 6 2. the denominator of which is the total of all credits applied 7 for by all applicants under subsection (b) of this section in the calendar year.
- 8 (3) By December 15 of the calendar year following the end of the taxable 9 year in which the costs were incurred, the Department shall certify to the individual or 10 corporation the amount of tax credits approved by the Department for the individual or 11 corporation under this section.
- 12 (4) To claim the approved credits allowed under this section, an individual 13 or a corporation shall:
- 14 (i) file an amended income tax return for the taxable year in which 15 the costs were incurred; and
- 16 (ii) attach a copy of the Department's certification of the approved credit amount to the amended income tax return.
- 18 (d) If the credit allowed for any taxable year under this section exceeds the total 19 tax otherwise due, an individual or corporation may apply the excess as a credit against 20 the State income tax for succeeding taxable years until the full amount of the excess is 21 used.
- 22 (e) The Department, in consultation with the Comptroller, shall adopt 23 regulations to carry out the provisions of this section.
- 24 (f) In accordance with § 2.5–109 of the Economic Development Article, the 25 Department shall submit a report on the number of credits certified in the previous 26 calendar year.
- SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect July 1, 2017.