## **HOUSE BILL 873**

Q37lr3435 CF SB 138 By: Delegates Carey and Lisanti Introduced and read first time: February 6, 2017 Assigned to: Ways and Means Committee Report: Favorable House action: Adopted Read second time: March 13, 2017 CHAPTER AN ACT concerning Income Tax Credit - Security Clearances - Employer Costs - Extension FOR the purpose of extending the number of taxable years for which an individual or corporation may claim a credit against the State income tax for certain costs incurred to obtain federal security clearances, to rent certain spaces, and to construct or renovate certain sensitive compartmented information facilities in the State; making certain stylistic changes; and generally relating to a credit against the State income tax for costs related to federal security clearances. BY repealing and reenacting, with amendments, Article - Tax - GeneralSection 10–732 Annotated Code of Maryland (2016 Replacement Volume) SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND, That the Laws of Maryland read as follows: Article - Tax - General 10-732.In this section the following words have the meanings indicated. (a) (1) (2) "Costs" means the costs to an individual or corporation for:

## EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.

<u>Underlining</u> indicates amendments to bill.

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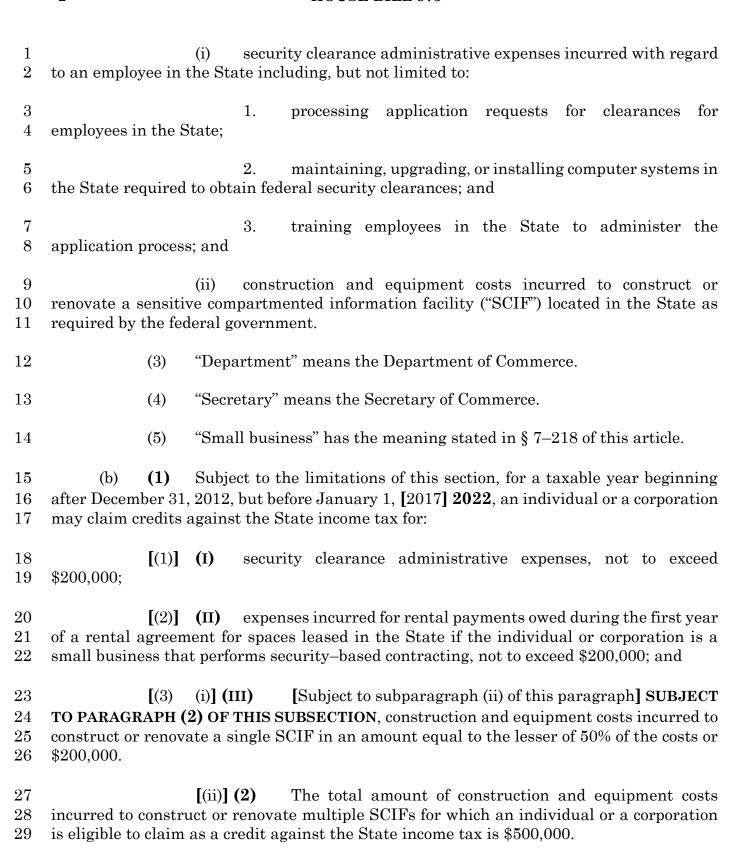
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Strike out indicates matter stricken from the bill by amendment or deleted from the law by amendment.





30 (c) (1) By September 15 of the calendar year following the end of the taxable 31 year in which the costs were incurred, an individual or a corporation shall submit an 32 application to the Department for the credits allowed under subsection (b) of this section.

1 (2) (i) The total amount of credits approved by the Department under 2 subsection (b) of this section may not exceed \$2,000,000 for any calendar year.

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- (ii) If the total amount of credits applied for by all individuals and corporations under subsection (b) of this section exceeds the maximum specified under 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 credit applied for by the applicant times a fraction:
- 8 1. the numerator of which is the maximum specified under 9 subparagraph (i) of this paragraph; and
- the denominator of which is the total of all credits applied for by all applicants under subsection (b) of this section in the calendar year.
- 12 (3) By December 15 of the calendar year following the end of the taxable 13 year in which the costs were incurred, the Department shall certify to the individual or 14 corporation the amount of tax credits approved by the Department for the individual or 15 corporation under this section.
- 16 (4) To claim the approved credits allowed under this section, an individual 17 or a corporation shall:
- 18 (i) file an amended income tax return for the taxable year in which 19 the costs were incurred; and
- 20 (ii) attach a copy of the Department's certification of the approved 21 credit amount to the amended income tax return.
- 22 (d) If the credit allowed for any taxable year under this section exceeds the total 23 tax otherwise due, an individual or corporation may apply the excess as a credit against 24 the State income tax for succeeding taxable years until the full amount of the excess is 25 used.
- 26 (e) The Department, in consultation with the Comptroller, shall adopt 27 regulations to carry out the provisions of this section.
- 28 (f) In accordance with § 2.5–109 of the Economic Development Article, the 29 Department shall submit a report on the number of credits certified in the previous 30 calendar year.
- SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect July 1, 2017.