

SENATE BILL 317

C8, Q3, Q1

7lr0194
CF 7lr0195

By: **The President (By Request – Administration) and Senators Bates, Cassilly, Eckardt, Edwards, Hershey, Hough, Jennings, Mathias, McFadden, Salling, Serafini, Simonaire, and Waugh**

Introduced and read first time: January 20, 2017

Assigned to: Budget and Taxation

A BILL ENTITLED

1 AN ACT concerning

2 **More Jobs for Marylanders Act of 2017**

3 FOR the purpose of establishing the More Jobs for Marylanders Program within the
4 Department of Commerce to provide certain manufacturing business entities tax
5 credits and benefits for a certain number of years; providing that certain business
6 entities receiving tax credits under certain programs are not eligible to receive the
7 credits or benefits under the Program; requiring the Department to administer the
8 Program; authorizing certain types of businesses to receive certain credits and
9 benefits under the Program; providing for the termination of certain business
10 entities from the Program under certain circumstances; authorizing the Secretary of
11 the Department to establish any regulation necessary to implement the Program;
12 requiring the Department to report to the General Assembly on or before a certain
13 date; providing that certain business entities certified under the Program are not
14 required to pay certain fees; allowing a credit against the State income tax for certain
15 income of business entities certified under the Program; authorizing an exemption
16 from the State sales and use tax for certain costs of certain business entities certified
17 under the Program; providing a credit against the State property tax for certain
18 business entities certified under the Program; providing an exemption for certain
19 property of a manufacturing entity from a certain limitation on the applicability of
20 certain Maryland income tax modifications for certain deductions for the cost of
21 business property placed in service that is treated as an expense for federal income
22 tax purposes; providing an exemption for certain property of a manufacturing entity
23 from a certain limitation on the applicability of certain Maryland income tax
24 modifications for a certain additional depreciation allowance under the federal
25 income tax for business property placed in service; defining certain terms; providing
26 for the application of this Act; and generally relating to certain tax credits,
27 exemptions, and other benefits for certain manufacturing businesses.

28 BY repealing and reenacting, without amendments,

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 Article – Economic Development
2 Section 1–101(a), (b), (e), and (f)
3 Annotated Code of Maryland
4 (2008 Volume and 2016 Supplement)

5 BY adding to
6 Article – Economic Development
7 Section 6–801 through 6–809 to be under the new subtitle “Subtitle 8. More Jobs for
8 Marylanders Program”
9 Annotated Code of Maryland
10 (2008 Volume and 2016 Supplement)

11 BY repealing and reenacting, with amendments,
12 Article – Corporations and Associations
13 Section 1–203.1
14 Annotated Code of Maryland
15 (2014 Replacement Volume and 2016 Supplement)

16 BY repealing and reenacting, with amendments,
17 Article – Tax – General
18 Section 10–210.1(a) and (b)(1) and (3)
19 Annotated Code of Maryland
20 (2016 Replacement Volume)

21 BY adding to
22 Article – Tax – General
23 Section 10–741 and 11–233
24 Annotated Code of Maryland
25 (2016 Replacement Volume)

26 BY adding to
27 Article – Tax – Property
28 Section 9–110
29 Annotated Code of Maryland
30 (2012 Replacement Volume and 2016 Supplement)

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

33 **Article – Economic Development**

34 1–101.

35 (a) In this division the following words have the meanings indicated.

36 (b) “County” means a county of the State or Baltimore City.

1 (e) (1) “Qualified distressed county” means a county with:

2 (i) an average rate of unemployment for the most recent 24-month
3 period for which data are available that exceeds 150% of the average rate of unemployment
4 for the State during that period; or

5 (ii) an average per capita personal income for the most recent
6 24-month period for which data are available that is equal to or less than 67% of the
7 average per capita personal income for the State during that period.

8 (2) “Qualified distressed county” includes a county that:

9 (i) no longer meets either criterion stated in paragraph (1) of this
10 subsection; but

11 (ii) has met at least one of the criteria at some time during the
12 preceding 24-month period.

13 (f) “Secretary” means the Secretary of Commerce.

14 **SUBTITLE 8. MORE JOBS FOR MARYLANDERS PROGRAM.**

15 **6-801.**

16 (A) IN THIS SUBTITLE THE FOLLOWING WORDS HAVE THE MEANINGS
17 INDICATED.

18 (B) “BENEFIT YEAR” MEANS A TAXABLE YEAR IN WHICH A QUALIFIED
19 BUSINESS ENTITY CLAIMS A PROGRAM BENEFIT ESTABLISHED UNDER § 6-805 OF
20 THIS SUBTITLE.

21 (C) (1) “BUSINESS ENTITY” MEANS A PERSON CONDUCTING OR
22 OPERATING A TRADE OR BUSINESS THAT IS PRIMARILY ENGAGED IN ACTIVITIES
23 THAT, IN ACCORDANCE WITH THE NORTH AMERICAN INDUSTRIAL CLASSIFICATION
24 SYSTEM (NAICS), UNITED STATES MANUAL, UNITED STATES OFFICE OF
25 MANAGEMENT AND BUDGET, 2012 EDITION, WOULD BE INCLUDED IN SECTOR 31,
26 32, OR 33.

27 (2) “BUSINESS ENTITY” DOES NOT INCLUDE A REFINER, AS DEFINED
28 IN 10-101 OF THE BUSINESS REGULATION ARTICLE.

29 (D) “ELIGIBLE PROJECT” MEANS A FACILITY OPERATED BY A BUSINESS
30 ENTITY IN A QUALIFIED DISTRESSED COUNTY.

1 **(E) “EXISTING BUSINESS ENTITY” MEANS A BUSINESS ENTITY THAT IS**
2 **LOCATED IN THE STATE AT THE TIME IT NOTIFIES THE DEPARTMENT UNDER §**
3 **6-803(C) OF THIS SUBTITLE.**

4 **(F) “NEW BUSINESS ENTITY” MEANS A BUSINESS ENTITY THAT IS NOT**
5 **LOCATED IN THE STATE AT THE TIME IT NOTIFIES THE DEPARTMENT UNDER §**
6 **6-803(B) OF THIS SUBTITLE.**

7 **(G) “PROGRAM” MEANS THE MORE JOBS FOR MARYLANDERS PROGRAM**
8 **ESTABLISHED UNDER THIS SUBTITLE.**

9 **(H) “QUALIFIED BUSINESS ENTITY” MEANS A NEW BUSINESS ENTITY OR AN**
10 **EXISTING BUSINESS ENTITY OPERATING AN ELIGIBLE PROJECT UNDER THIS**
11 **SUBTITLE.**

12 **(I) “QUALIFIED INCOME” MEANS A QUALIFIED BUSINESS ENTITY’S INCOME**
13 **ATTRIBUTABLE TO ACTIVITIES AT AN ELIGIBLE PROJECT.**

14 **(J) (1) “QUALIFIED POSITION” MEANS A POSITION THAT:**

15 **(I) IS FULL-TIME AND OF INDEFINITE DURATION;**

16 **(II) PAYS AT LEAST 150% OF THE FEDERAL MINIMUM WAGE;**

17 **(III) IS LOCATED IN A FACILITY;**

18 **(IV) IS NEWLY CREATED AT A SINGLE FACILITY IN THE STATE;**

19 **AND**

20 **(V) IS FILLED.**

21 **(2) “QUALIFIED POSITION” DOES NOT INCLUDE A POSITION THAT IS:**

22 **(I) CREATED WHEN AN EMPLOYMENT FUNCTION IS SHIFTED**
23 **FROM AN EXISTING FACILITY OF A BUSINESS ENTITY IN THE STATE TO ANOTHER**
24 **FACILITY OF THE SAME BUSINESS ENTITY IF THE POSITION IS NOT A NET NEW JOB**
25 **IN THE STATE;**

26 **(II) CREATED THROUGH A CHANGE IN OWNERSHIP OF A TRADE**
27 **OR BUSINESS;**

1 (III) CREATED THROUGH A CONSOLIDATION, MERGER, OR
2 RESTRUCTURING OF A BUSINESS ENTITY IF THE POSITION IS NOT A NET NEW JOB IN
3 THE STATE;

4 (IV) CREATED WHEN AN EMPLOYMENT FUNCTION IS
5 CONTRACTUALLY SHIFTED FROM AN EXISTING BUSINESS ENTITY TO ANOTHER
6 BUSINESS ENTITY IN THE STATE IF THE POSITION IS NOT A NET NEW JOB IN THE
7 STATE; OR

8 (V) FILLED FOR A PERIOD OF LESS THAN 12 MONTHS.

9 **6-802.**

10 (A) THERE IS A MORE JOBS FOR MARYLANDERS PROGRAM IN THE
11 DEPARTMENT.

12 (B) A BUSINESS ENTITY THAT IS RECEIVING BENEFITS UNDER THE ONE
13 MARYLAND TAX CREDIT PROGRAM, THE JOB CREATION TAX CREDIT PROGRAM,
14 THE ENTERPRISE ZONE PROGRAM, OR ANY OTHER JOBS-BASED TAX BENEFIT
15 PROGRAM ADMINISTERED BY THE DEPARTMENT, IS NOT ELIGIBLE TO
16 SIMULTANEOUSLY RECEIVE BENEFITS UNDER THE PROGRAM.

17 **6-803.**

18 (A) A BUSINESS ENTITY MAY APPLY TO THE DEPARTMENT TO ENROLL AN
19 ELIGIBLE PROJECT IN THE PROGRAM.

20 (B) (1) A NEW BUSINESS ENTITY MAY NOT BE CERTIFIED AS A QUALIFIED
21 BUSINESS ENTITY UNLESS THE NEW BUSINESS ENTITY NOTIFIES THE DEPARTMENT
22 OF ITS INTENT TO SEEK DESIGNATION OF AN ELIGIBLE PROJECT BEFORE
23 ESTABLISHING ITS FACILITY IN THE STATE.

24 (2) THE DEPARTMENT MAY CERTIFY A NEW BUSINESS ENTITY AS A
25 QUALIFIED BUSINESS ENTITY AFTER THE NEW BUSINESS ENTITY PROVIDES THE
26 REQUIRED NOTICE UNDER PARAGRAPH (1) OF THIS SUBSECTION, APPLIES TO THE
27 DEPARTMENT UNDER PARAGRAPH (3) OF THIS SUBSECTION, AND ESTABLISHES AND
28 OPERATES A FACILITY IN A QUALIFIED DISTRESSED COUNTY.

29 (3) A NEW BUSINESS ENTITY SHALL SUBMIT TO THE DEPARTMENT AN
30 APPLICATION CONTAINING AT LEAST THE FOLLOWING INFORMATION:

31 (I) THE ANTICIPATED DATE OF THE ESTABLISHMENT AND
32 INITIAL OPERATION OF THE FACILITY AND THE NATURE OF ITS OPERATIONS;

1 (II) THE EXPECTED LOCATION OF THE FACILITY;

2 (III) THE ESTIMATED NUMBER, PAYROLL, AND TYPE OF
3 EMPLOYEES TO BE HIRED AT THE FACILITY; AND

4 (IV) ANY OTHER INFORMATION THE DEPARTMENT REQUIRES.

5 (C) (1) AN EXISTING BUSINESS ENTITY MAY APPLY TO BE CERTIFIED AS A
6 QUALIFIED BUSINESS ENTITY IF THE EXISTING BUSINESS ENTITY INCREASES THE
7 NUMBER OF QUALIFIED POSITIONS AT A FACILITY LOCATED IN A QUALIFIED
8 DISTRESSED COUNTY.

9 (2) AN EXISTING BUSINESS ENTITY MAY NOT BE CERTIFIED AS A
10 QUALIFIED BUSINESS ENTITY UNLESS THE BUSINESS ENTITY NOTIFIES THE
11 DEPARTMENT OF ITS INTENT TO SEEK DESIGNATION OF AN ELIGIBLE PROJECT
12 PRIOR TO HIRING ANY EMPLOYEES TO FILL THE QUALIFIED POSITIONS NECESSARY
13 TO MEET THE REQUIREMENTS OF THIS SUBTITLE.

14 (3) AN EXISTING BUSINESS ENTITY SHALL SUBMIT AN APPLICATION
15 TO THE DEPARTMENT CONTAINING AT LEAST THE FOLLOWING INFORMATION:

16 (I) THE NUMBER OF FULL-TIME EMPLOYEES EXISTING BEFORE
17 THE EXPANSION AND THE PAYROLL OF THE EXISTING EMPLOYEES;

18 (II) THE ESTIMATED NUMBER OF QUALIFIED POSITIONS TO BE
19 CREATED AND QUALIFIED EMPLOYEES TO BE HIRED AND THE ANTICIPATED
20 PAYROLL OF THE NEW QUALIFIED EMPLOYEES; AND

21 (III) ANY OTHER INFORMATION THAT THE DEPARTMENT
22 REQUIRES.

23 (4) A BUSINESS ENTITY MUST BEGIN HIRING THE EMPLOYEES TO FILL
24 THE QUALIFIED POSITIONS NECESSARY TO MEET THE REQUIREMENTS OF THIS
25 SUBTITLE WITHIN 12 MONTHS AFTER IT NOTIFIES THE DEPARTMENT OF ITS INTENT
26 TO SEEK DESIGNATION OF AN ELIGIBLE PROJECT.

27 6-804.

28 (A) THE PROGRAM BENEFITS AUTHORIZED UNDER THIS SECTION MAY BE
29 CLAIMED BY A QUALIFIED BUSINESS ENTITY FOR UP TO 10 CONSECUTIVE BENEFIT
30 YEARS.

1 **(B) SUBJECT TO SUBSECTION (D) OF THIS SECTION, ON ENROLLMENT IN**
2 **THE PROGRAM, A NEW BUSINESS ENTITY IS ELIGIBLE FOR:**

3 **(1) A CREDIT AGAINST THE STATE INCOME TAX, ESTABLISHED UNDER**
4 **§ 10-741(B) OF THE TAX – GENERAL ARTICLE;**

5 **(2) A CREDIT AGAINST THE STATE PROPERTY TAX, ESTABLISHED**
6 **UNDER § 9-110 OF THE TAX – PROPERTY ARTICLE;**

7 **(3) AN EXEMPTION FROM THE SALES AND USE TAX, ESTABLISHED**
8 **UNDER § 11-233 OF THE TAX – GENERAL ARTICLE; AND**

9 **(4) A WAIVER OF FEES CHARGED BY THE STATE DEPARTMENT OF**
10 **ASSESSMENTS AND TAXATION, ESTABLISHED UNDER § 1-203.1 OF THE**
11 **CORPORATIONS AND ASSOCIATIONS ARTICLE.**

12 **(C) SUBJECT TO SUBSECTION (D) OF THIS SECTION, ON ENROLLMENT IN**
13 **THE PROGRAM, AN EXISTING BUSINESS ENTITY IS ELIGIBLE FOR A CREDIT AGAINST**
14 **THE STATE INCOME TAX, ESTABLISHED UNDER § 10-741(C) OF THE TAX – GENERAL**
15 **ARTICLE.**

16 **(D) IF THE NUMBER OF QUALIFIED POSITIONS AT THE ELIGIBLE PROJECT**
17 **DECREASES TO A NUMBER EQUAL TO OR LESS THAN THE NUMBER ESTABLISHED IN**
18 **THE FIRST BENEFIT YEAR, THE PROJECT SHALL BE REMOVED FROM THE PROGRAM**
19 **AND ALL PROGRAM BENEFITS TERMINATE.**

20 **6-805.**

21 **THE DEPARTMENT SHALL PROVIDE TO A QUALIFIED BUSINESS ENTITY A**
22 **CERTIFICATE THAT:**

23 **(1) CERTIFIES THE ELIGIBLE PROJECT THAT IS ENROLLED IN THE**
24 **PROGRAM;**

25 **(2) CERTIFIES THE PROGRAM BENEFITS THE QUALIFIED BUSINESS**
26 **ENTITY MAY CLAIM;**

27 **(3) PROVIDES THE DURATION OF THE CERTIFICATION; AND**

28 **(4) PROVIDES ANY ADDITIONAL INFORMATION NECESSARY FOR THE**
29 **COMPROLLER AND DEPARTMENT TO ADMINISTER THE PROGRAM.**

30 **6-806.**

1 (A) THE DEPARTMENT MAY REVOKE ITS CERTIFICATION UNDER THIS
2 SUBTITLE, IN WHOLE OR IN PART, IF ANY REPRESENTATION MADE BY A QUALIFIED
3 BUSINESS ENTITY IS DETERMINED BY THE DEPARTMENT TO HAVE BEEN FALSE
4 WHEN MADE.

5 (B) IF THE DEPARTMENT REVOKES ITS CERTIFICATION AS PROVIDED
6 UNDER SUBSECTION (A) OF THIS SECTION, THE COMPTROLLER MAY MAKE AN
7 ASSESSMENT AGAINST THE QUALIFIED BUSINESS ENTITY TO RECAPTURE ANY
8 AMOUNT OF A TAX CREDIT, AN EXEMPTION, OR ANY OTHER BENEFIT THAT THE
9 QUALIFIED BUSINESS ENTITY HAS RECEIVED.

10 **6-807.**

11 (A) THE DEPARTMENT MAY REQUIRE THAT ANY INFORMATION PROVIDED
12 UNDER THIS SUBTITLE BE VERIFIED BY AN INDEPENDENT CERTIFIED PUBLIC
13 ACCOUNTANT THAT THE QUALIFIED BUSINESS ENTITY AND THE DEPARTMENT
14 SELECT.

15 (B) (1) ACCEPTANCE BY A QUALIFIED BUSINESS ENTITY OF THE
16 PROGRAM BENEFITS UNDER THIS SUBTITLE SHALL BE DEEMED TO AUTHORIZE THE
17 COMPTROLLER TO SHARE WITH THE DEPARTMENT ANY INFORMATION RECEIVED
18 FROM A QUALIFIED BUSINESS ENTITY ABOUT ELIGIBILITY FOR A BENEFIT ALLOWED
19 UNDER THIS SUBTITLE.

20 (2) INFORMATION THAT IS RECEIVED BY THE DEPARTMENT OR
21 COMPTROLLER UNDER PARAGRAPH (1) OF THIS SUBSECTION IS SUBJECT TO
22 CONFIDENTIALITY REQUIREMENTS ESTABLISHED BY LAW.

23 **6-808.**

24 THE SECRETARY MAY ESTABLISH ANY REGULATION NECESSARY AND
25 APPROPRIATE TO CARRY OUT THIS SUBTITLE.

26 **6-809.**

27 ON OR BEFORE DECEMBER 1 EACH YEAR, THE DEPARTMENT SHALL REPORT
28 TO THE GENERAL ASSEMBLY, IN ACCORDANCE WITH § 2-1246 OF THE STATE
29 GOVERNMENT ARTICLE, ON THE QUALIFIED BUSINESS ENTITIES RECEIVING FINAL
30 CERTIFICATION IN THE PRECEDING FISCAL YEAR.

31 **Article – Corporations and Associations**

32 **1-203.1.**

1 (A) With the exception of the recording fee to be paid when the Department
2 accepts articles of incorporation for record, a volunteer fire company or volunteer rescue
3 squad incorporated in this State is not subject to any of the recording, filing, or special fees
4 enumerated in § 1-203 of this subtitle.

5 (B) A QUALIFIED BUSINESS ENTITY THAT IS A NEW BUSINESS ENTITY, AS
6 DEFINED UNDER THE MORE JOBS FOR MARYLANDERS PROGRAM ESTABLISHED
7 UNDER TITLE 6, SUBTITLE 8 OF THE ECONOMIC DEVELOPMENT ARTICLE, IS NOT
8 SUBJECT TO THE FEES ENUMERATED IN § 1-203 OF THIS SUBTITLE.

9 Article – Tax – General

10 10-741.

11 (A) (1) IN THIS SECTION THE FOLLOWING WORDS HAVE THE MEANING
12 INDICATED.

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

15 (3) “ELIGIBLE PROJECT” HAS THE MEANING STATED IN § 6-801 OF
16 THE ECONOMIC DEVELOPMENT ARTICLE.

17 (4) “EXISTING BUSINESS ENTITY” HAS THE MEANING STATED IN
18 § 6-801 OF THE ECONOMIC DEVELOPMENT ARTICLE.

19 (5) “NEW BUSINESS ENTITY” HAS THE MEANING STATED IN § 6-801
20 OF THE ECONOMIC DEVELOPMENT ARTICLE.

21 (6) “QUALIFIED BUSINESS ENTITY” HAS THE MEANING STATED IN
22 § 6-801 OF THE ECONOMIC DEVELOPMENT ARTICLE.

23 (7) “QUALIFIED DISTRESSED COUNTY” HAS THE MEANING STATED IN
24 § 1-101(E) OF THE ECONOMIC DEVELOPMENT ARTICLE.

25 (8) “QUALIFIED INCOME” HAS THE MEANING STATED IN § 6-801 OF
26 THE ECONOMIC DEVELOPMENT ARTICLE.

27 (9) “QUALIFIED POSITION” HAS THE MEANING STATED IN § 6-801 OF
28 THE ECONOMIC DEVELOPMENT ARTICLE.

29 (B) AN INDIVIDUAL OR CORPORATION THAT IS A NEW BUSINESS ENTITY AND
30 A QUALIFIED BUSINESS ENTITY MAY CLAIM A CREDIT AGAINST THE STATE INCOME

1 TAX APPLICABLE TO ALL QUALIFIED INCOME OF THE ENTITY DURING THE TAXABLE
2 YEAR.

3 (C) (1) AN INDIVIDUAL OR CORPORATION THAT IS AN EXISTING BUSINESS
4 ENTITY AND A QUALIFIED BUSINESS ENTITY MAY CLAIM A CREDIT AGAINST THE
5 STATE INCOME TAX EQUAL TO THE AMOUNT PROVIDED UNDER PARAGRAPH (3) OF
6 THIS SUBSECTION.

7 (2) THE AMOUNT OF THE CREDIT AUTHORIZED UNDER PARAGRAPH
8 (1) OF THIS SUBSECTION IS EQUAL TO THE PRODUCT OF:

9 (I) THE STATE EMPLOYER WITHHOLDING AMOUNT, WHICH IS
10 EQUAL TO THE HIGHEST TAX RATE LISTED IN § 10-105(A) OF THIS TITLE; AND

11 (II) THE TOTAL AMOUNT OF WAGES PAID FOR EACH QUALIFIED
12 POSITION AT AN ELIGIBLE PROJECT.

13 (3) FOR ANY TAXABLE YEAR, THE CREDIT UNDER THIS PARAGRAPH
14 MAY NOT EXCEED THE AMOUNT OF QUALIFIED INCOME OF THE ENTITY.

15 (D) (1) THE UNUSED AMOUNT OF A CREDIT AUTHORIZED UNDER THIS
16 SECTION MAY NOT BE CARRIED OVER TO ANY OTHER TAXABLE YEAR.

17 (2) IF THE CREDIT ALLOWED UNDER THIS SECTION IN ANY TAXABLE
18 YEAR EXCEEDS THE STATE INCOME TAX FOR THAT TAXABLE YEAR, AN INDIVIDUAL
19 OR A CORPORATION MAY CLAIM A REFUND IN THE AMOUNT OF THE EXCESS.

20 11-233.

21 (A) (1) IN THIS SECTION THE FOLLOWING WORDS HAVE THE MEANINGS
22 INDICATED.

23 (2) "BUSINESS ENTITY" HAS THE MEANING STATED IN § 6-801 OF THE
24 ECONOMIC DEVELOPMENT ARTICLE.

25 (3) "ELIGIBLE PROJECT" HAS THE MEANING STATED IN § 6-801 OF
26 THE ECONOMIC DEVELOPMENT ARTICLE.

27 (4) "NEW BUSINESS ENTITY" HAS THE MEANING STATED IN § 6-801
28 OF THE ECONOMIC DEVELOPMENT ARTICLE.

1 10–210.1.

2 (a) (1) In this section the following words have the meanings indicated.

3 (2) “Depreciation” includes any deduction allowed under § 179 of the
4 Internal Revenue Code.

5 (3) “Heavy duty SUV” means a 4–wheeled vehicle that:

6 (i) is manufactured primarily for use on public streets, roads, and
7 highways;

8 (ii) is rated at more than 6,000 but not more than 14,000 pounds
9 gross vehicle weight; and

10 (iii) would be a passenger automobile as defined in § 280F of the
11 Internal Revenue Code if it were rated at 6,000 pounds gross vehicle weight or less.

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

18 (II) **“MANUFACTURING ENTITY” DOES NOT INCLUDE A**
19 **REFINER, AS DEFINED IN § 10–101 OF THE BUSINESS REGULATION ARTICLE.**

20 (b) In addition to the modifications under §§ 10–204 through 10–210 of this
21 subtitle, to determine Maryland adjusted gross income of an individual:

22 (1) (I) **EXCEPT AS PROVIDED IN ITEM (II) OF THIS ITEM,** an amount
23 is added to or subtracted from federal adjusted gross income to reflect the determination of
24 the depreciation deduction provided under § 167(a) of the Internal Revenue Code and the
25 adjusted basis of property without regard to the additional allowance under § 168(k) of the
26 Internal Revenue Code; **AND**

27 (II) **ITEM (I) OF THIS ITEM DOES NOT APPLY TO PROPERTY**
28 **PLACED IN SERVICE BY A MANUFACTURING ENTITY ON OR AFTER JANUARY 1, 2019;**

29 (3) (I) **EXCEPT AS PROVIDED IN ITEM (II) OF THIS ITEM,** an amount
30 is added to or subtracted from federal adjusted gross income to reflect the determination of
31 the maximum aggregate costs that the taxpayer may treat as an expense under § 179 of
32 the Internal Revenue Code for any taxable year without regard to any changes made to
33 that section after December 31, 2002:

1 [(i)] 1. increasing above \$25,000 the dollar limitation set forth in
2 § 179(b)(1) of the Internal Revenue Code; or

3 [(ii)] 2. increasing above \$200,000 the phase-out threshold set
4 forth in § 179(b)(2) of the Internal Revenue Code; AND

5 **(II) ITEM (I) OF THIS ITEM DOES NOT APPLY TO PROPERTY THAT**
6 **IS PLACED IN SERVICE BY A MANUFACTURING ENTITY ON OR AFTER JANUARY 1,**
7 **2019;**

8 SECTION 4. AND BE IT FURTHER ENACTED, That Section 1 of this Act shall be
9 applicable to all taxable years beginning after December 31, 2016.

10 SECTION 5. AND BE IT FURTHER ENACTED, That Section 2 of this Act shall be
11 applicable to all taxable years beginning after June 30, 2017.

12 SECTION 6. AND BE IT FURTHER ENACTED, That Section 3 of this Act shall be
13 applicable to all taxable years beginning after December 31, 2018.

14 SECTION 7. AND BE IT FURTHER ENACTED, That this Act shall take effect June
15 1, 2017.