

HB0473/145560/1

BY: Committee on Ways and Means

AMENDMENTS TO HOUSE BILL 473

(First Reading File Bill)

AMENDMENT NO. 1

On page 1, in line 2, strike “Corporate”; in the same line, after “Tax –” insert “Pass-Through Entities.”; in the same line, after “Throwback Rule” insert “, and Combined Reporting”; in line 3, after the first “of” insert “altering the State income tax imposed on certain pass-through entities; requiring each pass-through entity to pay the tax imposed with respect to certain shares of certain nonresident and nonresident entity members of the pass-through entity; authorizing a pass-through entity to elect to pay the tax imposed with respect to certain shares of all resident members of the pass-through entity; providing for the calculation of the tax; prohibiting the tax required to be paid for any taxable year from exceeding a certain amount; requiring each pass-through entity that elects to pay the tax imposed with respect to certain shares of resident members of the pass-through entity to report certain information to the Comptroller in a certain manner; requiring the Comptroller, subject to certain provisions of law, to distribute to each county certain income tax revenues; allowing each member to claim a credit against the State income tax and county income tax for the member’s proportionate share of the tax paid by the pass-through entity; expanding a certain income tax credit to allow members of all pass-through entities, rather than only shareholders of S corporations, who are residents of the State to claim the credit under certain circumstances;”; in line 5, after “circumstances;” insert “requiring certain corporations to compute Maryland taxable income using a certain method; authorizing certain corporations, subject to regulations adopted by the Comptroller, to determine certain income using a certain method; requiring, subject to regulations adopted by the Comptroller, certain groups of corporations to file a combined income tax return reflecting the aggregate income tax liability of all the members of the group; requiring the Comptroller to adopt certain regulations; requiring certain regulations to be consistent with certain regulations adopted by the Multistate Tax Commission; providing a subtraction modification under the Maryland corporate income tax for

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certain changes to a certain combined group’s deferred tax assets or liabilities that are the result of certain provisions of this Act; providing for the calculation of the amount of the subtraction modification; providing that the subtraction modification may be claimed only for certain taxable years; prohibiting the subtraction from being reduced as a result of an event that occurs after the calculation of the subtraction; providing, under certain circumstances, for the carryforward of the subtraction; requiring a combined group that intends to claim the subtraction to file a certain statement with the Comptroller on or before a certain date; authorizing the Comptroller to review and alter the amount of the subtraction specified in the statement or claimed on certain tax returns; altering the distribution of certain income tax revenue from corporations;”; in line 6, after “circumstances;” insert “declaring the intent of the General Assembly; defining certain terms; making certain stylistic and conforming changes;”; in the same line, after “Act;” insert “providing for a delayed effective date for certain provisions of this Act;”; in line 7, after “the” insert “Maryland”; in the same line, strike “on corporations”; in line 10, strike “10-402(d)” and substitute “2-613.1, 2-614, 10-102.1, 10-402(d), 10-701.1, 10-703, 10-706, and 10-811”; and after line 12, insert:

“BY repealing and reenacting, without amendments,

Article – Education

Section 5-219(b)

Annotated Code of Maryland

(2018 Replacement Volume and 2019 Supplement)

BY repealing and reenacting, with amendments,

Article – Education

Section 5-219(f)

Annotated Code of Maryland

(2018 Replacement Volume and 2019 Supplement)

BY adding to

Article – Tax – General

Section 10-311 and 10-402.1

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Annotated Code of Maryland
(2016 Replacement Volume and 2019 Supplement)”.

AMENDMENT NO. 2

On page 1, after line 15, insert:

“10–102.1.

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

(2) “Distributable cash flow” means taxable income reportable by a pass-through entity on its federal income tax return for the taxable year:

(i) adjusted, in the case of an entity using the accrual method of accounting to report federal taxable income, to reflect the amount of taxable income that would have been reported under the cash method of accounting;

(ii) increased by the sum of:

1. cash receipts for the taxable year that are not includable in the gross income of the entity, including capital contributions and loan proceeds;

2. amounts allowable to the entity for the taxable year as deductions for depreciation, amortization, and depletion; and

3. the decrease, if any, in the entity’s liability reserve as of the end of the taxable year; and

(iii) decreased by the sum of:

1. cash expenditures for the taxable year that are not

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deductible in computing the taxable income of the entity, not including distributions to shareholders, partners, or members; and

2. the increase, if any, in the entity's liability reserve as of the end of the taxable year.

(3) "Liability reserve" means accrued unpaid liabilities that are not deductible in computing taxable income.

(4) "Member" means:

(i) a shareholder of an S corporation;

(ii) a general or limited partner of a partnership, limited partnership, or limited liability partnership;

(iii) a member of a limited liability company; or

(iv) a beneficiary of a business trust or statutory trust.

(5) "Nonresident entity" means an entity that is not formed under the laws of the State and is not qualified by or registered with the Department of Assessments and Taxation to do business in the State.

(6) "Nonresident taxable income" means any income described in § 10-210(b)(1) through (4) of this title.

(7) "Pass-through entity" means:

(i) an S corporation;

(ii) a partnership;

(iii) a limited liability company that is not taxed as a corporation under this title; or

(iv) a business trust or statutory trust that is not taxed as a corporation under this title.

(8) “PASS-THROUGH ENTITY’S TAXABLE INCOME” MEANS THE PORTION OF A PASS-THROUGH ENTITY’S INCOME UNDER THE FEDERAL INTERNAL REVENUE CODE THAT IS DERIVED FROM OR REASONABLY ATTRIBUTABLE TO THE TRADE OR BUSINESS OF THE PASS-THROUGH ENTITY IN THIS STATE.

(b) (1) [In] SUBJECT TO PARAGRAPH (2) OF THIS SUBSECTION, IN addition to any other tax imposed under this title, a tax is imposed on each pass-through entity [that has:

(1) any member who is a nonresident of the State or is a nonresident entity; and

(2) any nonresident taxable income for the taxable year].

(2) EACH PASS-THROUGH ENTITY:

(I) SHALL PAY THE TAX IMPOSED UNDER PARAGRAPH (1) OF THIS SUBSECTION WITH RESPECT TO THE DISTRIBUTIVE SHARES OR PRO RATA SHARES OF THE NONRESIDENT AND NONRESIDENT ENTITY MEMBERS OF THE PASS-THROUGH ENTITY; OR

(II) MAY ELECT TO PAY THE TAX IMPOSED UNDER PARAGRAPH (1) OF THIS SUBSECTION WITH RESPECT TO THE DISTRIBUTIVE

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SHARES OR PRO RATA SHARES OF RESIDENT MEMBERS OF THE PASS-THROUGH ENTITY.

(c) (1) [The] WITH RESPECT TO A PASS-THROUGH ENTITY THAT PAYS THE TAX IMPOSED UNDER SUBSECTION (B)(1) OF THIS SECTION IN ACCORDANCE WITH SUBSECTION (B)(2)(I) OF THIS SECTION, THE tax [imposed under subsection (b) of this section] shall be treated as a tax imposed on the nonresident or nonresident entity members that is paid on behalf of the nonresidents or nonresident entities by the pass-through entity.

(2) The Comptroller shall provide by regulation for the treatment of the tax imposed under subsection (b) of this section that is paid on behalf of a nonresident entity member that is itself a pass-through entity.

(d) (1) [Except as provided in paragraph (2) of this subsection, the] WITH RESPECT TO A PASS-THROUGH ENTITY THAT PAYS THE TAX IMPOSED UNDER SUBSECTION (B)(1) OF THIS SECTION IN ACCORDANCE WITH SUBSECTION (B)(2)(I) OF THIS SECTION, THE tax imposed [under subsection (b) of this section] is the sum of:

(i) a rate equal to the sum of the rate of the tax imposed under § 10-106.1 of this subtitle and the top marginal State tax rate for individuals under § 10-105(a) of this subtitle applied to the sum of each nonresident individual member's distributive share or [pro-rata] PRO RATA share of [a] THE pass-through entity's nonresident taxable income; and

(ii) the rate of the tax for a corporation under § 10-105(b) of this subtitle applied to the sum of each nonresident entity member's distributive share or [pro-rata] PRO RATA share of [a] THE pass-through entity's nonresident taxable income.

(2) WITH RESPECT TO A PASS-THROUGH ENTITY THAT PAYS THE TAX IMPOSED UNDER SUBSECTION (B)(1) OF THIS SECTION IN ACCORDANCE WITH SUBSECTION (B)(2)(II) OF THIS SECTION, THE TAX IMPOSED IS THE SUM OF:

(I) A RATE EQUAL TO THE SUM OF THE RATE OF THE TAX IMPOSED UNDER § 10-106.1 OF THIS SUBTITLE AND THE TOP MARGINAL STATE TAX RATE FOR INDIVIDUALS UNDER § 10-105(A) OF THIS SUBTITLE APPLIED TO THE SUM OF EACH INDIVIDUAL MEMBER'S DISTRIBUTIVE SHARE OR PRO RATA SHARE OF THE PASS-THROUGH ENTITY'S TAXABLE INCOME; AND

(II) THE RATE OF THE TAX FOR A CORPORATION UNDER § 10-105(B) OF THIS SUBTITLE APPLIED TO THE SUM OF EACH ENTITY MEMBER'S DISTRIBUTIVE SHARE OR PRO RATA SHARE OF THE PASS-THROUGH ENTITY'S TAXABLE INCOME.

[(2)] (3) The tax required to be paid for any taxable year [on behalf of nonresident or nonresident entity members] by a pass-through entity may not exceed:

(I) WITH RESPECT TO A PASS-THROUGH ENTITY THAT PAYS THE TAX IMPOSED UNDER SUBSECTION (B)(1) OF THIS SECTION IN ACCORDANCE WITH SUBSECTION (B)(2)(I) OF THIS SECTION, the sum of all of the nonresident and nonresident entity members' shares of the pass-through entity's distributable cash flow; AND

(II) WITH RESPECT TO A PASS-THROUGH ENTITY THAT PAYS THE TAX IMPOSED UNDER SUBSECTION (B)(1) OF THIS SECTION IN ACCORDANCE WITH SUBSECTION (B)(2)(II) OF THIS SECTION, THE SUM OF ALL OF THE MEMBERS' SHARES OF THE PASS-THROUGH ENTITY'S DISTRIBUTABLE CASH FLOW.

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(E) IN ACCORDANCE WITH § 10-701.1 OF THIS TITLE, EACH MEMBER MAY CLAIM A CREDIT AGAINST THE TAX IMPOSED ON THE MEMBER FOR THE MEMBER'S PROPORTIONATE SHARE OF THE TAX PAID BY THE PASS-THROUGH ENTITY UNDER SUBSECTION (B) OF THIS SECTION.

[(e)] (F) (1) (i) The tax imposed under subsection (b) of this section does not apply with respect to the distributive share or [pro-rata] PRO RATA share of a member that is itself a pass-through entity formed under the laws of the State or qualified by or registered with the Department of Assessments and Taxation to do business in the State.

(ii) A member of a pass-through entity that is itself a pass-through entity as described in subparagraph (i) of this paragraph shall ITSELF comply with the provisions of this section [with respect to any of its members that are nonresidents or nonresident entities].

(2) The tax imposed under subsection (b) of this section does not apply with respect to the direct or indirect distributive share or pro rata share of a member that is:

(I) a real estate investment trust as defined by § 856 of the Internal Revenue Code; OR

(II) AN ENTITY THAT IS EXEMPT FROM TAXATION UNDER § 501 OF THE INTERNAL REVENUE CODE.

[(f)] (G) The Comptroller may provide by regulation for:

(1) the filing of composite returns by a pass-through entity on behalf of

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its nonresident and nonresident entity members; and

(2) application of or exemption from the tax imposed under subsection (b) of this section for a pass-through entity:

(i) that files a composite return on behalf of nonresident and nonresident entity members; or

(ii) the [nonresident or nonresident] entity members of which are tax exempt.

[(g)] (H) (1) Subject to paragraph (2) of this subsection, if a partnership fails to pay the tax when due the tax may be collected from the partners under the law applicable to debts of the partnership, with the partnership and partners having rights of contribution against any [nonresident] partner on whose behalf the tax is paid.

(2) Unless it is established by the Comptroller that the partner participated in a pattern of distributions to one or more partners with the intention of defeating the partnership liability for the tax imposed under subsection (b) of this section, any partner otherwise liable under paragraph (1) of this subsection shall be liable for the tax imposed on the partnership only to the extent of distributions from the partnership to that partner after the tax was due to be paid by the partnership.

[(h)] (I) Except as provided in § 10–701.1 of this title, nothing in this section limits or affects in any way the liability of an individual nonresident member or a nonresident entity member for the tax imposed on the individual nonresident or nonresident entity under § 10–102 of this subtitle.

[(i)] (J) The tax imposed under subsection (b) of this section does not apply to a publicly traded pass-through entity that has agreed to file with the Comptroller an annual information return reporting the name, address, taxpayer identification number, and other information requested by the Comptroller of each nonresident or

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nonresident entity member whose distributive share or [pro-rata] PRO RATA share of the pass-through entity's nonresident taxable income for the taxable year exceeds \$500.

(K) (1) A PASS-THROUGH ENTITY THAT ELECTS, UNDER SUBSECTION (B)(2)(II) OF THIS SECTION, TO PAY THE TAX IMPOSED UNDER SUBSECTION (B)(1) OF THIS SECTION WITH RESPECT TO THE DISTRIBUTIVE SHARES OR PRO RATA SHARES OF RESIDENT MEMBERS OF THE PASS-THROUGH ENTITY SHALL REPORT TO THE COMPTROLLER, ON A QUARTERLY BASIS, A LIST OF THOSE RESIDENT MEMBERS AND THE COUNTIES IN WHICH THEY RESIDE.

(2) SUBJECT TO TITLE 2, SUBTITLE 6 OF THIS ARTICLE, THE COMPTROLLER SHALL DISTRIBUTE TO EACH COUNTY THE PORTION OF THE INCOME TAX REVENUE DUE TO THE TAX IMPOSED UNDER SUBSECTION (B)(1) OF THIS SECTION AND IN ACCORDANCE WITH SUBSECTION (B)(2)(II) OF THIS SECTION BASED ON THE RATE OF TAX IMPOSED UNDER § 10-106.1 OF THIS SUBTITLE AND ATTRIBUTABLE TO EACH INDIVIDUAL MEMBER RESIDING IN THAT COUNTY.

10-701.1.

An individual or a corporation may claim a credit against the State income tax AND COUNTY INCOME TAX for a taxable year in the amount of tax paid by a pass-through entity under § 10-102.1 of this title that is attributable to the individual's or corporation's share of the pass-through entity's [nonresident] taxable income, as defined in [§ 10-102.1(a)(6)] § 10-102.1(A)(8) of this title.

10-703.

(a) IN THIS SECTION, "MEMBER" AND "PASS-THROUGH ENTITY" HAVE THE MEANINGS STATED IN § 10-102.1 OF THIS TITLE.

(B) Except as provided in subsection [(b)] (C) of this section, a resident may claim a credit against the income tax for a taxable year in the amount determined under subsection [(c)] (D) of this section for State tax on income paid to another state for the year.

[(b)] (C) A credit under subsection [(a)] (B) of this section is not allowed to:

(1) a resident other than a fiduciary, if the laws of the other state allow the resident a credit for State income tax paid to this State;

(2) a resident fiduciary, if the fiduciary claims, and the other state allows, a credit for State income tax paid to this State;

(3) a resident for less than the full taxable year for tax on income that is paid to another state during residency in that state; or

(4) a nonresident.

[(c)] (D) (1) Except as provided in paragraph (2) of this subsection and subject to subsection [(d)] (E) of this section, the credit allowed a resident under subsection [(a)](B) of this section is the lesser of:

(i) the amount of allowable tax on income that the resident paid to another state; or

(ii) an amount that does not reduce the income tax to an amount less than would be payable if the income subjected to tax in the other state were disregarded.

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(2) If the credit allowed a resident under subsection [(a)] (B) of this section is based on tax that [an S corporation] A PASS-THROUGH ENTITY pays to another state, the credit allowable to a [shareholder] MEMBER OF THE PASS-THROUGH ENTITY:

(i) may not exceed that [shareholder's] MEMBER'S pro rata share of the tax; and

(ii) will be allowed for another state's income taxes or taxes based on income.

[(d)] (E) (1) The amount of the credit allowed under subsection [(a)] (B) of this section to be applied against the State income tax is equal to the amount that would be calculated under subsection [(c)] (D) of this section using the State income tax rate as the only applicable rate.

(2) The amount of the credit allowed under subsection [(a)] (B) of this section to be applied against the county income tax is equal to the amount calculated under subsection [(c)] (D) of this section less the amount calculated under paragraph (1) of this subsection.

10-706.

(a) Except as otherwise provided in this section, a credit allowed under this subtitle is allowed against the State income tax only.

(b) A credit under § 10-701 OR § 10-701.1 of this subtitle is allowed against the total county and State income taxes.

(c) (1) A credit allowed under § 10-704(a)(1) or § 10-709(b)(1) of this subtitle is allowed against the State income tax only.

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(2) A credit allowed under § 10-704(a)(2) or § 10-709(b)(2) of this subtitle is allowed against the county income tax only.

SECTION 2. AND BE IT FURTHER ENACTED, That the Laws of Maryland read as follows:”.

AMENDMENT NO. 3

On page 1, before line 16, insert:

“Article – Education

5-219.

(b) There is The Blueprint for Maryland’s Future Fund.

(f) The Fund consists of:

(1) Revenue distributed to the Fund under §§ 2-605.1, 2-613.1, and 2-1303 of the Tax – General Article;

(2) Money appropriated in the State budget for the Fund; and

(3) Any other money from any other source accepted for the benefit of the Fund.

Article – Tax – General

2-613.1.

After making the distribution required under § 2-613 of this subtitle, of the remaining income tax revenue from corporations, the Comptroller shall distribute:

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(1) [6%] 5.5% to the Higher Education Investment Fund established under § 15-106.6 of the Education Article; and

(2) [9.15% to the General Fund] 7.6% TO THE BLUEPRINT FOR MARYLAND'S FUTURE FUND ESTABLISHED UNDER § 5-219 OF THE EDUCATION ARTICLE.

2-614.

(a) [(1) Except as provided in paragraph (2) of this subsection, after] AFTER making the distributions required under §§ 2-613 and 2-613.1 of this subtitle, the Comptroller shall distribute monthly [17.2%] 15.5% of the remaining income tax revenue from corporations to a special fund to be distributed as provided in subsection (b) of this section.

[(2) The percent of the remaining income tax revenue from corporations distributed to a special fund to be distributed as provided in subsection (b) of this section shall be:

(i) 24% for the fiscal year beginning July 1, 2011;

(ii) 9.5% for the fiscal year beginning July 1, 2012; and

(iii) 19.5% for each fiscal year beginning on or after July 1, 2013, but before July 1, 2016.]

(b) (1) [(i) Except as provided in subparagraph (ii) of this paragraph, from] FROM the special fund, the Comptroller shall distribute an amount equal to [17.2%] 15.5% of the cost to administer the income tax on corporations to an administrative cost account.

[(ii) The percent of the cost to administer the income tax on corporations that is distributed to an administrative cost account shall be:

1. 24% for the fiscal year beginning July 1, 2011;
2. 9.5% for the fiscal year beginning July 1, 2012; and
3. 19.5% for each fiscal year beginning on or after July 1, 2013, but before July 1, 2016.]

(2) After making the distribution required under paragraph (1) of this subsection, the Comptroller shall distribute the balance in the special fund to the Gasoline and Motor Vehicle Revenue Account in the Transportation Trust Fund.

10-311.

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

(2) “COMBINED GROUP” HAS THE MEANING STATED IN § 10-402.1 OF THIS TITLE.

(3) “NET DEFERRED TAX ASSET” MEANS THE AMOUNT BY WHICH THE DEFERRED TAX ASSETS EXCEED THE DEFERRED TAX LIABILITIES OF A COMBINED GROUP, COMPUTED IN ACCORDANCE WITH GENERALLY ACCEPTED ACCOUNTING PRINCIPLES.

(4) “NET DEFERRED TAX LIABILITY” MEANS THE AMOUNT BY WHICH THE DEFERRED TAX LIABILITIES EXCEED THE DEFERRED TAX ASSETS OF

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A COMBINED GROUP, COMPUTED IN ACCORDANCE WITH GENERALLY ACCEPTED ACCOUNTING PRINCIPLES.

(B) THIS SECTION APPLIES ONLY TO A COMBINED GROUP THAT ON OR BEFORE THE DATE OF ENACTMENT OF THE PROVISIONS OF § 10-402.1 OF THIS TITLE BY CHAPTER (H.B. 473) OF THE ACTS OF THE GENERAL ASSEMBLY OF 2020, THE MEMBERS OF WHICH WERE:

(1) PUBLICLY TRADED; OR

(2) AFFILIATED WITH A COMBINED GROUP THAT WAS PUBLICLY TRADED, AND PARTICIPATED IN THE FILING OF THE PUBLICLY TRADED CORPORATION'S FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH GENERALLY ACCEPTED ACCOUNTING PRINCIPLES.

(C) (1) SUBJECT TO PARAGRAPH (2) OF THIS SUBSECTION, IN ADDITION TO THE MODIFICATIONS UNDER §§ 10-307 AND 10-308 OF THIS SUBTITLE, THE AMOUNTS DETERMINED UNDER SUBSECTION (D) OF THIS SECTION ARE SUBTRACTED FROM THE FEDERAL TAXABLE INCOME OF A COMBINED GROUP TO DETERMINE MARYLAND MODIFIED INCOME OF THE COMBINED GROUP IF, AS OF THE DATE OF ENACTMENT OF § 10-402.1 OF THIS TITLE BY CHAPTER (H.B. 473) OF THE ACTS OF THE GENERAL ASSEMBLY OF 2020, THE ENACTMENT RESULTED IN AN AGGREGATE:

(I) INCREASE TO THE COMBINED GROUP'S NET DEFERRED TAX LIABILITY;

(II) DECREASE TO THE COMBINED GROUP'S NET DEFERRED TAX ASSET; OR

(III) CHANGE FROM A NET DEFERRED TAX ASSET TO A NET DEFERRED TAX LIABILITY.

(2) THE AMOUNT OF ANY INCREASE, DECREASE, OR CHANGE SHALL BE DETERMINED WITHOUT REGARD TO THE SUBTRACTION AUTHORIZED UNDER THIS SECTION.

(D) (1) SUBJECT TO PARAGRAPHS (2) AND (3) OF THIS SUBSECTION, THE SUBTRACTION AUTHORIZED UNDER THIS SECTION IS EQUAL TO ONE-TENTH OF THE AMOUNT NECESSARY TO OFFSET THE AGGREGATE:

(I) INCREASE TO THE COMBINED GROUP'S NET DEFERRED TAX LIABILITY;

(II) DECREASE TO THE COMBINED GROUP'S NET DEFERRED TAX ASSET; OR

(III) CHANGE FROM A NET DEFERRED TAX ASSET TO A NET DEFERRED TAX LIABILITY.

(2) THE AMOUNT OF THE SUBTRACTION AS DETERMINED UNDER PARAGRAPH (1) OF THIS SUBSECTION SHALL BE:

(I) DIVIDED BY THE RATE DETERMINED UNDER § 10-105(B) OF THIS TITLE IN EFFECT ON JANUARY 1, 2022; AND

(II) FURTHER DIVIDED BY THE MARYLAND APPORTIONMENT FRACTION THAT WAS USED BY THE COMBINED GROUP IN THE CALCULATION OF THE DEFERRED TAX ASSETS AND DEFERRED TAX LIABILITIES AS DESCRIBED IN PARAGRAPH (1) OF THIS SUBSECTION.

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(3) THE SUBTRACTION AUTHORIZED UNDER THIS SECTION MAY BE USED TO REDUCE THE COMBINED GROUP'S MARYLAND MODIFIED INCOME FOR 10 CONSECUTIVE TAXABLE YEARS BEGINNING WITH THE FIRST TAXABLE YEAR THAT BEGINS AFTER DECEMBER 31, 2026.

(4) THE SUBTRACTION CALCULATED UNDER THIS SECTION MAY NOT BE REDUCED AS A RESULT OF ANY EVENT THAT OCCURS AFTER THE CALCULATION, INCLUDING THE DISPOSITION OR ABANDONMENT OF ANY ASSET.

(5) THE SUBTRACTION AUTHORIZED UNDER THIS SECTION:

(I) SHALL BE CALCULATED WITHOUT REGARD TO THE FEDERAL TAX EFFECT; AND

(II) MAY NOT ALTER THE TAX BASIS OF ANY ASSET.

(6) IF THE SUBTRACTION DETERMINED UNDER THIS SECTION RESULTS IN A SUBTRACTION THAT EXCEEDS MARYLAND MODIFIED INCOME COMPUTED WITHOUT REGARD TO THE SUBTRACTION UNDER THIS SECTION, THE AMOUNT OF THE EXCESS MAY BE CARRIED FORWARD TO SUCCEEDING TAXABLE YEARS AND USED TO REDUCE MARYLAND MODIFIED INCOME IN EACH SUCCEEDING TAXABLE YEAR UNTIL THE EXCESS IS FULLY USED.

(F) (1) ON OR BEFORE JULY 1, 2023, A COMBINED GROUP THAT INTENDS TO CLAIM A SUBTRACTION UNDER THIS SECTION SHALL FILE WITH THE COMPTROLLER A STATEMENT THAT SPECIFIES THE TOTAL AMOUNT OF THE SUBTRACTION THAT THE COMBINED GROUP INTENDS TO CLAIM.

(2) THE STATEMENT SHALL BE ON THE FORM AND CONTAIN THE INFORMATION THE COMPTROLLER REQUIRES.

(3) THE COMPTROLLER MAY REVIEW AND ALTER THE AMOUNT OF:

(i) THE SUBTRACTION SPECIFIED IN THE STATEMENT REQUIRED UNDER PARAGRAPH (1) OF THIS SUBSECTION; OR

(ii) THE SUBTRACTION CLAIMED ON A TAX RETURN FOR ANY TAXABLE YEAR.”.

On page 4, after line 15, insert:

“10-402.1.

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

(2) “COMBINED GROUP” MEANS A GROUP OF CORPORATIONS:

(i) THAT IS ENGAGED IN A UNITARY BUSINESS;

(ii) IN WHICH MORE THAN 50% OF THE VOTING STOCK OF EACH MEMBER IS DIRECTLY OR INDIRECTLY OWNED BY:

1. A COMMON OWNER OR COMMON OWNERS, EITHER CORPORATE OR NONCORPORATE; OR

2. ONE OR MORE MEMBER CORPORATIONS OF THE GROUP;

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(III) THE MEMBERS OF WHICH ARE SUBJECT TO THE INCOME TAX OR WOULD BE SUBJECT TO THE INCOME TAX IF DOING BUSINESS IN THE STATE; AND

(IV) CONSISTING OF ANY OTHER MEMBERS UNDER THE CIRCUMSTANCES AND TO THE EXTENT PROVIDED IN REGULATIONS ADOPTED BY THE COMPTROLLER TO PREVENT THE AVOIDANCE OF TAX OR TO REFLECT CLEARLY THE INCOME OF ANY MEMBER OF THE COMBINED GROUP FOR ANY PERIOD.

(3) “COMBINED RETURN” MEANS A TAX RETURN FOR THE COMBINED GROUP CONTAINING INFORMATION AS PROVIDED IN THIS SECTION OR OTHERWISE REQUIRED BY THE COMPTROLLER.

(4) “UNITARY BUSINESS” MEANS A SINGLE ECONOMIC ENTERPRISE THAT IS MADE EITHER OF SEPARATE PARTS OF A SINGLE BUSINESS ENTITY OR OF A COMMONLY CONTROLLED GROUP OF BUSINESS ENTITIES THAT ARE SUFFICIENTLY INTERDEPENDENT, INTEGRATED, AND INTERRELATED THROUGH THEIR ACTIVITIES SO AS TO PROVIDE MUTUAL BENEFIT THAT PRODUCES A SHARING OR EXCHANGE OF VALUE AMONG THEM AND A SIGNIFICANT FLOW OF VALUE TO THE SEPARATE PARTS.

(B) (1) THE TERM “UNITARY BUSINESS” SHALL BE CONSTRUED TO THE BROADEST EXTENT ALLOWED UNDER THE U.S. CONSTITUTION.

(2) A BUSINESS CONDUCTED DIRECTLY OR INDIRECTLY BY ONE CORPORATION IS A UNITARY BUSINESS WITH RESPECT TO THAT PORTION OF A BUSINESS CONDUCTED BY ANOTHER CORPORATION THROUGH ITS DIRECT OR INDIRECT INTEREST IN A PARTNERSHIP IF THE REQUIREMENTS OF SUBSECTION

(A)(4) OF THIS SECTION ARE SATISFIED, INCLUDING IF THERE IS SYNERGY AND AN EXCHANGE AND FLOW OF VALUE BETWEEN THE TWO PARTS OF THE BUSINESS AND THE TWO CORPORATIONS ARE MEMBERS OF THE SAME COMMONLY CONTROLLED GROUP.

(3) A BUSINESS CONDUCTED BY A PARTNERSHIP SHALL BE TREATED AS CONDUCTED BY ITS PARTNERS, WHETHER DIRECTLY HELD OR INDIRECTLY HELD THROUGH A SERIES OF PARTNERSHIPS, TO THE EXTENT OF THE PARTNER'S DISTRIBUTIVE SHARE OF THE PARTNERSHIP'S INCOME, REGARDLESS OF THE PERCENTAGE OF THE PARTNER'S OWNERSHIP INTEREST OR ITS DISTRIBUTIVE OR ANY OTHER SHARE OF PARTNERSHIP INCOME.

(C) THIS SECTION DOES NOT APPLY TO A CORPORATION WHOSE BUSINESS IS PREDOMINANTLY REGULATED BY THE FEDERAL ENERGY REGULATORY COMMISSION, THE MARYLAND PUBLIC SERVICE COMMISSION, OR A SIMILAR BODY OF ANOTHER STATE, WITH RESPECT TO RATES CHARGED TO CUSTOMERS FOR ELECTRIC OR GAS SERVICES OR WATER AND WASTEWATER SERVICES.

(D) (1) EXCEPT AS PROVIDED BY AND SUBJECT TO REGULATIONS ADOPTED BY THE COMPTROLLER, FOR ALL TAXABLE YEARS BEGINNING AFTER DECEMBER 31, 2021, A CORPORATION ENGAGED IN A UNITARY BUSINESS SHALL FILE A COMBINED RETURN, REPORTING AND PAYING TAX ON WORLDWIDE TAXABLE INCOME AS A COMBINED GROUP, REFLECTING THE AGGREGATE INCOME TAX LIABILITY OF ALL MEMBERS OF THE COMBINED GROUP THAT ARE ENGAGED IN A UNITARY BUSINESS.

(2) THE TAXABLE INCOME OF A CORPORATION REQUIRED TO FILE UNDER § 10-811(A)(2) OF THIS TITLE IS EQUAL TO THE COMBINED GROUP'S

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MARYLAND MODIFIED INCOME AS ADJUSTED UNDER SUBSECTION (E)(3) OF THIS SECTION.

(E) (1) THE MARYLAND MODIFIED INCOME OF THE COMBINED GROUP EQUALS THE PRODUCT OF:

(I) THE COMBINED GROUP'S APPORTIONABLE MARYLAND MODIFIED INCOME, AS DETERMINED UNDER PARAGRAPH (2) OF THIS SUBSECTION AND ADJUSTED UNDER PARAGRAPH (3) OF THIS SUBSECTION; AND

(II) THE COMBINED GROUP'S MARYLAND APPORTIONMENT FACTOR, AS DETERMINED UNDER PARAGRAPH (4) OF THIS SUBSECTION.

(2) (I) SUBJECT TO SUBPARAGRAPHS (II) THROUGH (IV) OF THIS PARAGRAPH, THE APPORTIONABLE MARYLAND MODIFIED INCOME OF THE COMBINED GROUP EQUALS THE SUM OF THE CORPORATION AND EACH MEMBER'S MARYLAND MODIFIED INCOME.

(II) 1. SUBJECT TO SUBSUBPARAGRAPH 2 OF THIS SUBPARAGRAPH, FOR ANY MEMBER INCORPORATED IN THE UNITED STATES OR INCLUDED IN A CONSOLIDATED FEDERAL CORPORATE INCOME TAX RETURN, THE INCOME TO BE INCLUDED IN THE TOTAL APPORTIONABLE INCOME OF THE COMBINED GROUP IS THE MARYLAND MODIFIED INCOME AS CALCULATED UNDER § 10-304 OF THIS TITLE.

2. THE INCOME OF EACH MEMBER SHALL BE CALCULATED ON A SEPARATE RETURN BASIS AS IF THE MEMBER WERE NOT CONSOLIDATED FOR FEDERAL INCOME TAX PURPOSES.

(III) 1. FOR ANY MEMBER NOT INCLUDED UNDER SUBPARAGRAPH (II) OF THIS PARAGRAPH, THE INCOME TO BE INCLUDED IN THE TOTAL INCOME OF THE COMBINED GROUP IS DETERMINED AS PROVIDED UNDER THIS SUBPARAGRAPH.

2. A PROFIT AND LOSS STATEMENT SHALL BE PREPARED FOR EACH FOREIGN BRANCH OR CORPORATION IN THE CURRENCY IN WHICH THE BOOKS OF ACCOUNT OF THE BRANCH OR CORPORATION ARE REGULARLY MAINTAINED.

3. THE PROFIT AND LOSS STATEMENT SHALL BE ADJUSTED TO CONFORM TO GENERALLY ACCEPTED ACCOUNTING PRINCIPLES AS ADOPTED BY THE UNITED STATES FINANCIAL ACCOUNTING STANDARDS BOARD FOR THE PREPARATION OF THE PROFIT AND LOSS STATEMENTS, EXCEPT AS MODIFIED BY REGULATION.

4. EXCEPT AS OTHERWISE PROVIDED BY REGULATION, THE PROFIT AND LOSS STATEMENT OF EACH MEMBER OF THE COMBINED GROUP, AND THE APPORTIONMENT FACTORS RELATED TO EACH STATEMENT, WHETHER UNITED STATES OR FOREIGN, SHALL BE TRANSLATED INTO THE CURRENCY IN WHICH THE PARENT COMPANY MAINTAINS ITS BOOKS AND RECORDS.

5. INCOME APPORTIONED TO THIS STATE SHALL BE EXPRESSED IN UNITED STATES DOLLARS.

(IV) IF A UNITARY BUSINESS INCLUDES INCOME FROM A PARTNERSHIP, THE INCOME TO BE INCLUDED IN THE TOTAL INCOME OF THE COMBINED GROUP EQUALS THE DIRECT AND INDIRECT DISTRIBUTIVE SHARE OF

(Over)

THE PARTNERSHIP'S UNITARY BUSINESS INCOME ALLOCATED TO ANY MEMBER OF THE COMBINED GROUP.

(3) THE COMBINED GROUP'S APPORTIONABLE MARYLAND MODIFIED INCOME SHALL BE ADJUSTED TO ELIMINATE INTERCOMPANY TRANSACTIONS AS DETERMINED UNDER THE INTERNAL REVENUE CODE.

(4) (I) SUBJECT TO SUBPARAGRAPH (II) OF THIS PARAGRAPH, THE COMBINED GROUP'S MARYLAND APPORTIONMENT FACTOR IS A FRACTION:

1. THE NUMERATOR OF WHICH IS THE SUM OF THE CORPORATION'S AND EACH MEMBER'S MARYLAND FACTORS UNDER § 10-402 OF THIS SUBTITLE; AND

2. THE DENOMINATOR OF WHICH IS THE SUM OF THE CORPORATION'S AND EACH MEMBER'S FACTORS UNDER § 10-402 OF THIS SUBTITLE.

(II) THE APPORTIONMENT FACTORS OF PASS-THROUGH ENTITY MEMBERS ARE INCLUDED IN THE NUMERATOR UNDER SUBPARAGRAPH (I)1 OF THIS PARAGRAPH AND THE DENOMINATOR UNDER SUBPARAGRAPH (I)2 OF THIS PARAGRAPH TO THE EXTENT OF THE CORPORATION'S DIRECT AND INDIRECT DISTRIBUTIVE SHARE OF THAT ENTITY.

(F) (1) SUBJECT TO REGULATIONS ADOPTED BY THE COMPTROLLER, A CORPORATION THAT IS PART OF A COMBINED GROUP MAY ELECT TO DETERMINE ITS INCOME DERIVED FROM OR ATTRIBUTABLE TO TRADE OR BUSINESS IN THE STATE USING THE WATER'S EDGE METHOD AS DESCRIBED IN THIS SUBSECTION.

(2) UNDER THE WATER'S EDGE METHOD, THE COMBINED GROUP FOR PURPOSES OF THE COMBINED REPORTING METHOD REQUIRED UNDER THIS SECTION SHALL INCLUDE ONLY THE FOLLOWING AFFILIATED ENTITIES:

(I) CORPORATIONS THAT ARE INCORPORATED IN THE UNITED STATES, EXCLUDING CORPORATIONS MAKING AN ELECTION UNDER §§ 931 THROUGH 936 OF THE INTERNAL REVENUE CODE;

(II) DOMESTIC INTERNATIONAL SALES CORPORATIONS, AS DESCRIBED IN §§ 991 THROUGH 994 OF THE INTERNAL REVENUE CODE;

(III) ANY CORPORATION OTHER THAN A BANK, REGARDLESS OF THE PLACE WHERE IT IS INCORPORATED, IF THE AVERAGE OF THE CORPORATION'S PROPERTY, PAYROLL, AND SALES FACTORS WITHIN THE UNITED STATES IS 20% OR MORE;

(IV) EXPORT TRADE CORPORATIONS, AS DESCRIBED IN §§ 970 AND 971 OF THE INTERNAL REVENUE CODE;

(V) A FOREIGN CORPORATION DERIVING GAIN OR LOSS FROM DISPOSITION OF AN INTEREST IN REAL PROPERTY IN THE UNITED STATES TO THE EXTENT RECOGNIZED UNDER § 897 OF THE INTERNAL REVENUE CODE;
AND

(VI) UNDER THE CIRCUMSTANCES AND TO THE EXTENT PROVIDED BY REGULATIONS THAT THE COMPTROLLER ADOPTS:

1. A CORPORATION NOT DESCRIBED IN ITEMS (I) THROUGH (V) OF THIS PARAGRAPH TO THE EXTENT OF THE CORPORATION'S INCOME DERIVED FROM OR ATTRIBUTABLE TO SOURCES WITHIN THE UNITED

(Over)

STATES AND THE CORPORATION'S FACTORS ASSIGNABLE TO A LOCATION WITHIN THE UNITED STATES; OR

2. AN AFFILIATED CORPORATION THAT IS A CONTROLLED FOREIGN CORPORATION, AS DEFINED IN § 957 OF THE INTERNAL REVENUE CODE.

(3) THE USE OF THE WATER'S EDGE METHOD IS SUBJECT TO THE TERMS AND CONDITIONS THAT THE COMPTROLLER REQUIRES BY REGULATION, INCLUDING ANY CONDITIONS THAT ARE NECESSARY OR APPROPRIATE TO PREVENT THE AVOIDANCE OF TAX OR TO REFLECT CLEARLY THE INCOME FOR ANY PERIOD.

(G) (1) (I) AN ELECTION TO USE THE WATER'S EDGE METHOD IN ACCORDANCE WITH SUBSECTION (F) OF THIS SECTION IS EFFECTIVE ONLY IF MADE ON A TIMELY FILED, ORIGINAL RETURN FOR A TAX YEAR BY EVERY MEMBER OF THE UNITARY BUSINESS.

(II) THE COMPTROLLER SHALL DEVELOP REGULATIONS GOVERNING THE IMPACT, IF ANY, ON THE SCOPE OR APPLICATION OF AN ELECTION TO USE THE WATER'S EDGE METHOD, INCLUDING TERMINATION OR DEEMED ELECTION, RESULTING FROM A CHANGE IN THE COMPOSITION OF THE UNITARY BUSINESS, THE COMBINED GROUP, THE TAXPAYER MEMBERS, OR ANY OTHER SIMILAR CHANGE.

(2) AN ELECTION TO USE THE WATER'S EDGE METHOD SHALL CONSTITUTE CONSENT TO THE REASONABLE PRODUCTION OF DOCUMENTS AND TAKING OF DEPOSITIONS IN ACCORDANCE WITH THE MARYLAND RULES.

(3) AT THE DISCRETION OF THE COMPTROLLER, AN ELECTION TO USE THE WATER'S EDGE METHOD MAY BE DISREGARDED IN PART OR IN WHOLE, AND THE INCOME AND APPORTIONMENT FACTORS OF ANY MEMBER OF THE TAXPAYER'S UNITARY GROUP MAY BE INCLUDED IN THE COMBINED REPORT WITHOUT REGARD TO THE PROVISIONS OF THIS SECTION, IF ANY MEMBER OF THE UNITARY GROUP FAILS TO COMPLY WITH ANY PROVISION OF THIS SECTION OR IF A PERSON OTHERWISE NOT INCLUDED IN THE WATER'S EDGE COMBINED GROUP WAS AVAILED OF A SUBSTANTIAL OBJECTIVE OF AVOIDING STATE INCOME TAX.

(4) (I) SUBJECT TO SUBPARAGRAPHS (II) THROUGH (IV) OF THIS PARAGRAPH, AN ELECTION TO USE THE WATER'S EDGE METHOD IS BINDING FOR AND APPLICABLE TO THE TAXABLE YEAR IN WHICH THE ELECTION IS MADE AND ALL TAXABLE YEARS THEREAFTER FOR A PERIOD OF 10 YEARS.

(II) AN ELECTION TO USE THE WATER'S EDGE METHOD MAY BE WITHDRAWN OR REINSTITUTED AFTER WITHDRAWAL, BEFORE THE EXPIRATION OF THE 10-YEAR PERIOD, ONLY ON WRITTEN REQUEST FOR REASONABLE CAUSE AND ONLY WITH THE WRITTEN PERMISSION OF THE COMPTROLLER.

(III) IF THE COMPTROLLER GRANTS A WITHDRAWAL OF THE ELECTION UNDER SUBPARAGRAPH (II) OF THIS PARAGRAPH, THE COMPTROLLER SHALL IMPOSE REASONABLE CONDITIONS AS NECESSARY TO PREVENT THE EVASION OF TAX OR TO CLEARLY REFLECT INCOME FOR THE ELECTION PERIOD BEFORE OR AFTER THE WITHDRAWAL.

(IV) 1. SUBJECT TO SUBSUBPARAGRAPH 2 OF THIS SUBPARAGRAPH, ON THE EXPIRATION OF THE 10-YEAR PERIOD, A TAXPAYER MAY WITHDRAW FROM THE ELECTION TO USE THE WATER'S EDGE METHOD.

(Over)

2. THE WITHDRAWAL SHALL BE MADE IN WRITING WITHIN 1 YEAR BEFORE THE EXPIRATION OF THE ELECTION AND IS BINDING FOR A PERIOD OF 10 YEARS, SUBJECT TO THE SAME CONDITIONS AS APPLIED TO THE ORIGINAL ELECTION.

3. IF NO WITHDRAWAL IS PROPERLY MADE UNDER THIS SUBPARAGRAPH, THE ELECTION TO USE THE WATER'S EDGE METHOD SHALL REMAIN IN EFFECT FOR AN ADDITIONAL 10-YEAR PERIOD, SUBJECT TO THE SAME CONDITIONS AS APPLIED TO THE ORIGINAL ELECTION.

(H) (1) THE COMPTROLLER SHALL ADOPT REGULATIONS THAT ARE NECESSARY AND APPROPRIATE TO CARRY OUT THIS SECTION.

(2) THE REGULATIONS ADOPTED BY THE COMPTROLLER SHALL BE CONSISTENT WITH THE "PRINCIPLES FOR DETERMINING THE EXISTENCE OF A UNITARY BUSINESS" (REG. IV.1.(B)) OF THE MODEL GENERAL ALLOCATION AND APPORTIONMENT REGULATIONS, AS ADOPTED BY THE MULTISTATE TAX COMMISSION.

10-811.

(A) (1) [Each member of] EXCEPT AS PROVIDED BY AND SUBJECT TO REGULATIONS ADOPTED BY THE COMPTROLLER, an affiliated group of corporations [shall file a separate income tax return] ENGAGED IN A UNITARY BUSINESS SHALL FILE A COMBINED INCOME TAX RETURN REFLECTING THE AGGREGATE INCOME TAX LIABILITY OF ALL THE MEMBERS OF THE AFFILIATED GROUP THAT ARE ENGAGED IN A UNITARY BUSINESS.

(2) THE RETURN REQUIRED UNDER PARAGRAPH (1) OF THIS SUBSECTION SHALL INCLUDE THE INCOME AND APPORTIONMENT FACTORS DETERMINED UNDER § 10-401.1(E) AND (F) OF THIS TITLE, AND ANY OTHER INFORMATION REQUIRED BY THE COMPTROLLER, FOR ALL MEMBERS OF THE COMBINED GROUP WHEREVER LOCATED OR DOING BUSINESS.

(3) (I) EXCEPT AS PROVIDED IN SUBPARAGRAPH (II) OF THIS PARAGRAPH, THE COMBINED RETURN SHALL BE FILED UNDER THE NAME AND FEDERAL EMPLOYER IDENTIFICATION NUMBER OF THE PARENT CORPORATION IF THE PARENT IS A MEMBER OF THE COMBINED GROUP.

(II) IF THERE IS NO PARENT CORPORATION OR IF THE PARENT IS NOT A MEMBER OF THE COMBINED GROUP, THE MEMBERS OF THE COMBINED GROUP SHALL CHOOSE A MEMBER TO FILE THE RETURN.

(III) THE FILING MEMBER UNDER SUBPARAGRAPH (I) OR (II) OF THIS PARAGRAPH SHALL CONTINUE TO FILE THE COMBINED RETURN UNLESS THE FILING MEMBER IS NO LONGER THE PARENT CORPORATION OR NO LONGER A MEMBER OF THE COMBINED GROUP.

(4) THE RETURN SHALL BE SIGNED BY A RESPONSIBLE OFFICER OF THE FILING MEMBER ON BEHALF OF THE COMBINED GROUP MEMBERS.

(5) MEMBERS OF THE COMBINED GROUP ARE JOINTLY AND SEVERALLY LIABLE FOR THE TAX LIABILITY OF THE COMBINED GROUP INCLUDED IN THE COMBINED RETURN.

(B) (1) THE COMPTROLLER MAY, BY REGULATION, REQUIRE THAT THE COMBINED RETURN INCLUDE THE INCOME AND ASSOCIATED

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APPORTIONMENT FACTORS OF ENTITIES THAT ARE NOT INCLUDED IN THE COMBINED REPORT BUT THAT ARE MEMBERS OF A UNITARY BUSINESS IN ORDER TO REFLECT PROPER APPORTIONMENT OF INCOME OF THE ENTIRE UNITARY BUSINESS.

(2) IF THE COMPTROLLER DETERMINES THAT THE REPORTED INCOME OR LOSS OF A TAXPAYER ENGAGED IN A UNITARY BUSINESS WITH A MEMBER NOT INCLUDED IN THE COMBINED GROUP REPRESENTS AN AVOIDANCE OR EVASION OF TAX, THE COMPTROLLER MAY, ON A CASE-BY-CASE BASIS, REQUIRE THAT ALL OR PART OF THE INCOME AND ASSOCIATED APPORTIONMENT FACTORS OF THE MEMBER BE INCLUDED IN THE TAXPAYER'S COMBINED RETURN.

(3) THE COMPTROLLER MAY REQUIRE:

(I) THE EXCLUSION OF ONE OR MORE FACTORS, THE INCLUSION OF ONE OR MORE ADDITIONAL FACTORS, OR THE EMPLOYMENT OF ANY OTHER METHOD THAT WILL FAIRLY REPRESENT THE TAXPAYER'S BUSINESS IN THIS STATE; OR

(II) THE EMPLOYMENT OF ANY OTHER METHOD TO EFFECTUATE A PROPER REFLECTION OF THE TOTAL AMOUNT OF INCOME SUBJECT TO APPORTIONMENT AND AN EQUITABLE ALLOCATION AND APPORTIONMENT OF THE COMBINED GROUP'S OR ITS MEMBERS' INCOME.

(C) THE COMPTROLLER SHALL ADOPT REGULATIONS THAT ARE NECESSARY AND APPROPRIATE TO CARRY OUT THIS SECTION."

AMENDMENT NO. 4

**HB0473/145560/1 Committee on Ways and Means
Amendments to HB 473
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On page 4, in line 16, strike “2.” and substitute “3.”; in line 17, strike “2019” and substitute “2021”; in the same line, strike “2021” and substitute “2023”; and strike in their entirety lines 22 and 23 and substitute:

“SECTION 4. AND BE IT FURTHER ENACTED, That it is the intent of the General Assembly that the additional tax revenue from corporations, if any, that will be collected as a result of the requirement under § 10–402(d)(5) of the Tax – General Article, as enacted by Section 2 of this Act, and distributed to the General Fund in accordance with § 2–615 of the Tax – General Article shall be used to provide additional support to historically black colleges and universities in accordance with Chapters (S.B. 1043/H.B. 1260) of the Acts of the General Assembly of 2020.

SECTION 5. AND BE IT FURTHER ENACTED, That Section 1 of this Act shall be applicable to all taxable years beginning after December 31, 2019.

SECTION 6. AND BE IT FURTHER ENACTED, That Section 2 of this Act shall take effect July 1, 2022, and shall be applicable to all taxable years beginning after December 31, 2021.

SECTION 7. AND BE IT FURTHER ENACTED, That, except as provided in Section 6 of this Act, this Act shall take effect July 1, 2020.”.