

HOUSE BILL 217

Q3

1lr1475

HB 1210/20 – W&M &
HGO

(PRE-FILED)

By: **Delegate Wilkins**

Requested: November 1, 2020

Introduced and read first time: January 13, 2021

Assigned to: Ways and Means and Health and Government Operations

A BILL ENTITLED

1 AN ACT concerning

2 **Income Tax – Subtraction Modification – Expenses of Medical Cannabis Grower,**
3 **Processor, Dispensary, or Independent Testing Laboratory**

4 FOR the purpose of allowing a subtraction modification under the Maryland income tax for
5 certain expenses paid or incurred during the taxable year in carrying on a trade or
6 business as a certain medical cannabis grower, processor, dispensary, or
7 independent testing laboratory; providing for the application of this Act; and
8 generally relating to an income tax subtraction modification for certain expenses of
9 medical cannabis growers, processors, dispensaries, or independent testing
10 laboratories.

11 BY repealing and reenacting, without amendments,
12 Article – Tax – General
13 Section 10–208(a) and 10–308(a)
14 Annotated Code of Maryland
15 (2016 Replacement Volume and 2020 Supplement)

16 BY adding to
17 Article – Tax – General
18 Section 10–208(y)
19 Annotated Code of Maryland
20 (2016 Replacement Volume and 2020 Supplement)

21 BY repealing and reenacting, with amendments,
22 Article – Tax – General
23 Section 10–308(b)
24 Annotated Code of Maryland
25 (2016 Replacement Volume and 2020 Supplement)

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



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

3 **Article – Tax – General**

4 10–208.

5 (a) In addition to the modification under § 10–207 of this subtitle, the amounts
6 under this section are subtracted from the federal adjusted gross income of a resident to
7 determine Maryland adjusted gross income.

8 **(Y) (1) THE SUBTRACTION UNDER SUBSECTION (A) OF THIS SECTION**
9 **INCLUDES THE AMOUNT OF ORDINARY AND NECESSARY EXPENSES PAID OR**
10 **INCURRED DURING THE TAXABLE YEAR IN CARRYING ON A TRADE OR A BUSINESS AS**
11 **A MEDICAL CANNABIS GROWER, PROCESSOR, OR DISPENSARY LICENSED UNDER**
12 **TITLE 13, SUBTITLE 33 OF THE HEALTH – GENERAL ARTICLE OR AN INDEPENDENT**
13 **TESTING LABORATORY REGISTERED IN ACCORDANCE WITH § 13–3311 OF THE**
14 **HEALTH – GENERAL ARTICLE IF THE DEDUCTION FOR ORDINARY AND NECESSARY**
15 **EXPENSES IS DISALLOWED UNDER § 280E OF THE INTERNAL REVENUE CODE.**

16 **(2) THE SUBTRACTION ALLOWED UNDER PARAGRAPH (1) OF THIS**
17 **SUBSECTION INCLUDES A REASONABLE ALLOWANCE FOR SALARIES OR OTHER**
18 **COMPENSATION FOR PERSONAL SERVICES ACTUALLY RENDERED DURING THE**
19 **TAXABLE YEAR.**

20 10–308.

21 (a) In addition to the modification under § 10–307 of this subtitle, the amounts
22 under this section are subtracted from the federal taxable income of a corporation to
23 determine Maryland modified income.

24 (b) The subtraction under subsection (a) of this section includes the amounts
25 allowed to be subtracted for an individual under:

26 (1) § 10–208(d) of this title (Enhanced agricultural management
27 equipment expenses);

28 (2) § 10–208(i) of this title (Reforestation or timber stand expenses);

29 (3) § 10–208(k) of this title (Wage expenses for targeted jobs); [and]

30 (4) § 10–208(p) of this title (Elevator handrails in health care facilities);

31 **AND**

32 **(5) § 10–208(Y) OF THIS TITLE (TRADE OR BUSINESS EXPENSES OF**

1 MEDICAL CANNABIS GROWER, PROCESSOR, DISPENSARY, OR INDEPENDENT
2 TESTING LABORATORY).

3 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect July
4 1, 2021, and shall be applicable to all taxable years beginning after December 31, 2020.