

HOUSE BILL 262

Q3
HB 224/20 – W&M

(PRE-FILED)

11r0352
CF SB 113

By: **Delegate Palakovich Carr**

Requested: July 24, 2020

Introduced and read first time: January 13, 2021

Assigned to: Ways and Means

A BILL ENTITLED

1 AN ACT concerning

2 **Opportunity Zone Tax Deduction Reform Act of 2021**

3 FOR the purpose of requiring certain taxpayers to add a certain deduction back to federal
4 adjusted gross income to determine Maryland adjusted gross income; requiring
5 certain taxpayers to add a certain deduction back to federal adjusted gross income
6 to determine Maryland modified income; providing for the application of this Act;
7 and generally relating to additions under the Maryland income tax for gains from
8 sales or exchanges of qualified opportunity zone property.

9 BY repealing and reenacting, without amendments,
10 Article – Tax – General
11 Section 10–204(a) and 10–305(a)
12 Annotated Code of Maryland
13 (2016 Replacement Volume and 2020 Supplement)

14 BY adding to
15 Article – Tax – General
16 Section 10–204(m)
17 Annotated Code of Maryland
18 (2016 Replacement Volume and 2020 Supplement)

19 BY repealing and reenacting, with amendments,
20 Article – Tax – General
21 Section 10–305(d)
22 Annotated Code of Maryland
23 (2016 Replacement Volume and 2020 Supplement)

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

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 Article – Tax – General

2 10–204.

3 (a) To the extent excluded from federal adjusted gross income, the amounts under
4 this section are added to the federal adjusted gross income of a resident to determine
5 Maryland adjusted gross income.

6 **(M) THE ADDITION UNDER SUBSECTION (A) OF THIS SECTION INCLUDES ANY**
7 **CAPITAL GAINS EXCLUDED UNDER § 1400Z–2 OF THE INTERNAL REVENUE CODE.**

8 10–305.

9 (a) To the extent excluded from federal taxable income, the amounts under this
10 section are added to the federal taxable income of a corporation to determine Maryland
11 modified income.

12 (d) The addition under subsection (a) of this section includes the additions
13 required for an individual under:

14 (1) § 10–204(b) of this title (Dividends and interest from another state or
15 local obligation);

16 (2) § 10–204(c)(2) of this title (Federal tax–exempt income);

17 (3) § 10–204(e) of this title (Oil percentage depletion allowance);

18 (4) § 10–204(i) of this title (Deduction for qualified production activities
19 income);

20 (5) § 10–204(j) of this title (Deduction for costs for security clearance
21 administrative expenses and construction and equipment costs incurred to construct or
22 renovate a sensitive compartmented information facility); [and]

23 (6) § 10–204(l) of this title (Deduction for donations to qualified permanent
24 endowment funds); **AND**

25 **(7) § 10–204(M) OF THIS TITLE (CAPITAL GAINS EXCLUDED FOR**
26 **INVESTMENT IN OPPORTUNITY ZONE).**

27 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect July
28 1, 2021, and shall be applicable to all taxable years beginning after December 31, 2020.