

# HOUSE BILL 262

Q3  
HB 224/20 – W&M

(PRE-FILED)

11r0352  
CF SB 113

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By: **Delegate Palakovich Carr**

Requested: July 24, 2020

Introduced and read first time: January 13, 2021

Assigned to: Ways and Means

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Committee Report: Favorable

House action: Adopted

Read second time: February 11, 2021

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## CHAPTER \_\_\_\_\_

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)

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

[Brackets] indicate matter deleted from existing law.

Underlining indicates amendments to bill.

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



1 Annotated Code of Maryland  
2 (2016 Replacement Volume and 2020 Supplement)

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

5 **Article – Tax – General**

6 10–204.

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

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

12 10–305.

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

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

18 (1) § 10–204(b) of this title (Dividends and interest from another state or  
19 local obligation);

20 (2) § 10–204(c)(2) of this title (Federal tax–exempt income);

21 (3) § 10–204(e) of this title (Oil percentage depletion allowance);

22 (4) § 10–204(i) of this title (Deduction for qualified production activities  
23 income);

24 (5) § 10–204(j) of this title (Deduction for costs for security clearance  
25 administrative expenses and construction and equipment costs incurred to construct or  
26 renovate a sensitive compartmented information facility); [and]

27 (6) § 10–204(l) of this title (Deduction for donations to qualified permanent  
28 endowment funds); **AND**

29 **(7) § 10–204(M) OF THIS TITLE (CAPITAL GAINS EXCLUDED FOR**  
30 **INVESTMENT IN OPPORTUNITY ZONE).**

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

Approved:

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Governor.

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Speaker of the House of Delegates.

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President of the Senate.