
By: Delegate Dembrow

Introduced and read first time: January 25, 1996

Assigned to: Ways and Means

A BILL ENTITLED

1 AN ACT concerning

2 Income Tax - Gain on Relocation of Professional Sports Franchise to Maryland

3 FOR the purpose of providing an addition modification under the Maryland individual
4 and corporation income tax for certain increases in the fair market value of a
5 professional sports franchise attributable to the relocation of the franchise to
6 Maryland from another state; providing a subtraction modification for certain gain
7 recognized on the sale or exchange of a professional sports franchise to a certain
8 extent; providing for the application of this Act; and generally relating to the
9 Maryland income taxation of certain gain on the relocation of a professional sports
10 franchise to Maryland.

11 BY repealing and reenacting, without amendments,

12 Article - Tax - General
13 Section 10-204(a) and 10-207(a)
14 Annotated Code of Maryland
15 (1988 Volume and 1995 Supplement)

16 BY adding to

17 Article - Tax - General
18 Section 10-204(h) and 10-207(s)
19 Annotated Code of Maryland
20 (1988 Volume and 1995 Supplement)

21 BY repealing and reenacting, with amendments,

22 Article - Tax - General
23 Section 10-305(d) and 10-307(g)
24 Annotated Code of Maryland
25 (1988 Volume and 1995 Supplement)

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

2

1 **Article - Tax - General**

2 10-204.

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

6 (H) (1) THE ADDITION UNDER SUBSECTION (A) OF THIS SECTION INCLUDES
7 ANY INCREASE IN THE FAIR MARKET VALUE OF A PROFESSIONAL SPORTS
8 FRANCHISE OWNED BY THE TAXPAYER THAT IS DIRECTLY OR INDIRECTLY
9 ATTRIBUTABLE TO THE RELOCATION OF THE FRANCHISE TO MARYLAND FROM
10 ANOTHER STATE.

11 (2) FOR PURPOSES OF THIS SUBSECTION, THE INCREASE IN THE FAIR
12 MARKET VALUE OF A PROFESSIONAL SPORTS FRANCHISE DIRECTLY OR
13 INDIRECTLY ATTRIBUTABLE TO THE RELOCATION OF THE FRANCHISE TO
14 MARYLAND FROM ANOTHER STATE IS THE FAIR MARKET VALUE OF THE
15 FRANCHISE AS OF DECEMBER 31 OF THE CALENDAR YEAR IN WHICH THE
16 FRANCHISE IS RELOCATED TO MARYLAND, REDUCED BY:

17 (I) THE FAIR MARKET VALUE OF THE FRANCHISE AS OF JANUARY
18 1 OF THE CALENDAR YEAR IN WHICH AN ANNOUNCEMENT OF THE RELOCATION TO
19 MARYLAND WAS FIRST MADE; AND

20 (II) ANY INCREASE IN VALUE ATTRIBUTABLE TO THE OWNER'S
21 ADDITIONAL INVESTMENT IN THE FRANCHISE OR RELATED TO THE FRANCHISE.

22 10-207.

23 (a) To the extent included in federal adjusted gross income, the amounts under
24 this section are subtracted from the federal adjusted gross income of a resident to
25 determine Maryland adjusted gross income.

26 (S) THE SUBTRACTION UNDER SUBSECTION (A) OF THIS SECTION INCLUDES
27 THE AMOUNT OF GAIN RECOGNIZED ON THE SALE OR EXCHANGE OF A
28 PROFESSIONAL SPORTS FRANCHISE TO THE EXTENT THAT AN ADDITION
29 MODIFICATION UNDER § 10-204(H) OF THIS SUBTITLE HAS BEEN REQUIRED FOR A
30 PREVIOUS TAXABLE YEAR WITH RESPECT TO THE PROFESSIONAL SPORTS
31 FRANCHISE.

32 10-305.

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

35 (1) § 10-204(b) of this title (Dividends and interest from another state or
36 local obligation);

37 (2) § 10-204(c)(2) of this title (Federal tax exempt income); [and]

38 (3) § 10-204(e) of this title (Oil percentage depletion allowance); AND

3

1 (4) § 10-204(H) OF THIS TITLE (GAIN ON RELOCATION OF PROFESSIONAL
2 SPORTS FRANCHISE).

3 10-307.

4 (g) The subtraction under subsection (a) of this section includes the amounts
5 allowed to be subtracted for an individual under:

6 (1) § 10-207(i) of this title (Profits on sale or exchange of State or local
7 bonds);

8 (2) § 10-207(k) of this title (Relocation and assistance payments);

9 (3) § 10-207(m) of this title (State or local income tax refunds); [or]

10 (4) § 10-207(c-1) of this title (State tax exempt interest from mutual funds);
11 OR

12 (5) § 10-207(S) OF THIS TITLE (GAIN ON RELOCATION OF PROFESSIONAL
13 SPORTS FRANCHISE).

14 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
15 July 1, 1996 and shall be applicable to all taxable years beginning after December 31,
16 1995.