
By: Delegates Schade, Ports, Redmer, Mossburg, Jacobs, and M. Burns

Introduced and read first time: February 21, 1996

Assigned to: Ways and Means

A BILL ENTITLED

1 AN ACT concerning

2 **Income Tax - Distributions from Qualified Retirement Plans for Reinvestment in Small**
3 **Business**

4 FOR the purpose of providing a subtraction modification under the Maryland individual
5 income tax for certain amounts distributed under certain retirement plans to a
6 certain extent; defining certain terms; and providing for the application of this Act.

7 BY repealing and reenacting, without amendments,
8 Article - State Government
9 Section 2-1501.1(a)(4)
10 Annotated Code of Maryland
11 (1995 Replacement Volume)

12 BY repealing and reenacting, without amendments,
13 Article - Tax - General
14 Section 10-207(a)
15 Annotated Code of Maryland
16 (1988 Volume and 1995 Supplement)

17 BY adding to
18 Article - Tax - General
19 Section 10-207(s)
20 Annotated Code of Maryland
21 (1988 Volume and 1995 Supplement)

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

24 **Article - State Government**

25 2-1505.1.

26 (a) (4) "Small business" means a corporation, partnership, sole proprietorship,
27 or other business entity, including its affiliates, that:

28 (i) is independently owned and operated;

2

1 (ii) is not dominant in its field; and

2 (iii) employs 50 or fewer full-time employees.

3 **Article - Tax - General**

4 10-207.

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

8 (S) (1) (I) IN THIS SUBSECTION THE FOLLOWING WORDS HAVE THE
9 MEANINGS INDICATED.

10 (II) "SMALL BUSINESS" HAS THE MEANING STATED IN § 2-1505.1 OF
11 THE STATE GOVERNMENT ARTICLE.

12 (III) "QUALIFIED RETIREMENT PLAN" HAS THE MEANING STATED
13 IN § 4974(C) OF THE INTERNAL REVENUE CODE.

14 (2) THE SUBTRACTION UNDER SUBSECTION (A) OF THIS SECTION
15 INCLUDES THE AMOUNT OF ANY DISTRIBUTION UNDER A QUALIFIED RETIREMENT
16 PLAN TO THE EXTENT THE INDIVIDUAL REINVESTS THE AMOUNT DISTRIBUTED IN A
17 SMALL BUSINESS IN THE STATE.

18 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
19 July 1, 1996 and shall be applicable to all taxable years beginning after December 31,
20 1995.