
By: **Delegate Schade**

Introduced and read first time: February 2, 1998

Assigned to: Ways and Means

A BILL ENTITLED

1 AN ACT concerning

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

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

8 BY repealing and reenacting, without amendments,
9 Article - State Government
10 Section 2-1505.1(a)(4)
11 Annotated Code of Maryland
12 (1995 Replacement Volume and 1997 Supplement)

13 BY repealing and reenacting, without amendments,
14 Article - Tax - General
15 Section 10-207(a)
16 Annotated Code of Maryland
17 (1997 Replacement Volume)

18 BY adding to
19 Article - Tax - General
20 Section 10-207(s)
21 Annotated Code of Maryland
22 (1997 Replacement Volume)

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

1

Article - State Government

2 2-1505.1.

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

5 (i) is independently owned and operated;

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

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

8

Article - Tax - General

9 10-207.

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

13 (S) (1) (I) IN THIS SUBSECTION THE FOLLOWING WORDS HAVE THE
14 MEANINGS INDICATED.

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

17 (III) "QUALIFIED RETIREMENT PLAN" HAS THE MEANING STATED IN
18 § 4974(C) OF THE INTERNAL REVENUE CODE.

19 (2) THE SUBTRACTION UNDER SUBSECTION (A) OF THIS SECTION
20 INCLUDES THE AMOUNT OF ANY DISTRIBUTION UNDER A QUALIFIED RETIREMENT
21 PLAN TO THE EXTENT THE INDIVIDUAL REINVESTS THE AMOUNT DISTRIBUTED IN A
22 SMALL BUSINESS IN THE STATE.

23 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
24 July 1, 1998 and shall be applicable to all taxable years beginning after December 31,
25 1997.