
By: **Delegates Poole and Hubbard**

Introduced and read first time: February 11, 1998

Assigned to: Ways and Means

A BILL ENTITLED

1 AN ACT concerning

2 **Vehicle Emissions Testing Equipment - State Income Tax Credit**

3 FOR the purpose of allowing a credit against the State income tax for certain costs of
4 certain equipment used in vehicle emissions testing; allowing unused tax credits
5 to be carried forward to certain taxable years; providing for the application of
6 this Act; and generally relating to a credit against the State income tax for
7 certain costs of certain equipment used in vehicle emissions testing.

8 BY adding to

9 Article - Tax - General

10 Section 10-709

11 Annotated Code of Maryland

12 (1997 Replacement Volume)

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

15 **Article - Tax - General**

16 10-709.

17 (A) EXCEPT AS OTHERWISE PROVIDED IN THIS SECTION, AN INDIVIDUAL OR A
18 CORPORATION MAY CLAIM A CREDIT AGAINST THE STATE INCOME TAX FOR A
19 TAXABLE YEAR IN AN AMOUNT EQUAL TO 20% OF THE COST OF EQUIPMENT THAT:

20 (1) THE INDIVIDUAL OR CORPORATION PLACES IN SERVICE DURING THE
21 TAXABLE YEAR BY PURCHASE OR LEASE; AND

22 (2) IS TO BE USED BY THE INDIVIDUAL OR CORPORATION IN
23 CONNECTION WITH TRANSIENT MASS-EMISSION REPAIR OR TESTING.

24 (B) IF THE CREDIT ALLOWED UNDER THIS SECTION IN ANY TAXABLE YEAR
25 EXCEEDS THE STATE INCOME TAX FOR THAT TAXABLE YEAR, THE INDIVIDUAL OR
26 CORPORATION MAY APPLY THE EXCESS AS A CREDIT AGAINST THE STATE INCOME
27 TAX FOR SUCCEEDING TAXABLE YEARS UNTIL THE EARLIER OF:

1 (1) THE FULL AMOUNT OF THE EXCESS BEING USED; OR

2 (2) THE EXPIRATION OF THE 5TH TAXABLE YEAR FOLLOWING THE
3 TAXABLE YEAR IN WHICH THE PROPERTY WAS PLACED IN SERVICE.

4 (C) EXCEPT AS OTHERWISE PROVIDED IN THIS TITLE, FOR PURPOSES OF
5 DETERMINING MARYLAND TAXABLE INCOME, THE BASIS OF PROPERTY WITH
6 RESPECT TO WHICH THE CREDIT UNDER THIS SECTION IS ALLOWED SHALL BE ITS
7 BASIS FOR FEDERAL INCOME TAX PURPOSES.

8 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
9 July 1, 1998 and shall be applicable to all taxable years beginning after December 31,
10 1996; provided, however, that the credit under § 10-709 of the Tax - General Article
11 shall be allowed only with respect to property placed in service after December 31,
12 1996.