

SENATE BILL 393

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Q3

1998 Regular Session
8lr0172

By: **Senator McFadden**

Introduced and read first time: February 6, 1998

Assigned to: Budget and Taxation

A BILL ENTITLED

1 AN ACT concerning

2 **Neighborhood and Community Assistance Program - Tax Credits for**
3 **Noncorporate Income Taxpayers**

4 FOR the purpose of extending to certain business entities other than corporations
5 eligibility for certain tax credits allowed for certain contributions to certain
6 neighborhood and community assistance projects; providing for the application
7 of this Act; and generally relating to certain tax credits under the Neighborhood
8 and Community Assistance Program.

9 BY repealing and reenacting, with amendments,
10 Article 83B - Department of Housing and Community Development
11 Section 4-701(c)
12 Annotated Code of Maryland
13 (1995 Replacement Volume and 1997 Supplement)

14 BY repealing and reenacting, without amendments,
15 Article 83B - Department of Housing and Community Development
16 Section 4-704
17 Annotated Code of Maryland
18 (1995 Replacement Volume and 1997 Supplement)

19 BY repealing and reenacting, with amendments,
20 Article - Tax - General
21 Section 10-704.6
22 Annotated Code of Maryland
23 (1988 Volume and 1997 Supplement)

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

1 **Article 83B - Department of Housing and Community Development**

2 4-701.

3 (c) "Business entity" means a person that:

4 (1) Conducts or operates a trade or business in the State; and

5 (2) Is subject to:

6 (i) The State income tax [on corporations];

7 (ii) The financial institution franchise tax;

8 (iii) The public service company franchise tax; or

9 (iv) The insurance premiums tax.

10 4-704.

11 (a) (1) Except as otherwise provided in this section, a business entity may
12 claim a tax credit in the amount determined under subsection (b) of this section for
13 contributions to an approved project.14 (2) The same tax credit may not be applied more than once against
15 different taxes by the same taxpayer.16 (b) (1) Except as provided in paragraph (2) of this subsection, the credit
17 allowed under this section equals 50 percent of the amount of contributions that are
18 approved by the Department under subsection (c) of this section made during the
19 taxable year of the business entity.20 (2) (i) The credit allowed to a business entity under this section may
21 not exceed, for any taxable year of the business entity, the lesser of:

22 1. \$125,000; or

23 2. The total amount of tax otherwise payable by the business
24 entity for the taxable year.25 (ii) Any excess credit that would be allowed but for the limitations
26 under subparagraph (i) of this paragraph may be carried over and applied as a credit
27 for succeeding taxable years until the earlier of:

28 1. The full amount of the excess is used; or

29 2. The expiration of the fifth taxable year after the taxable
30 year in which the contribution was made.

1 (c) (1) The credit allowed under this section may not be allowed unless the
2 business entity has applied for and received approval under this subsection by the
3 Department for each contribution as to which the credit is claimed.

4 (2) Each application for approval of a contribution shall contain:

5 (i) The name of the approved project to which the contribution is to
6 be made;

7 (ii) The amount of the contribution; and

8 (iii) 1. Except as provided in subitem 2 of this item, a
9 certification by an independent and unrelated third party as to the value of any
10 nonmonetary contribution included; or

11 2. If the contribution is of new goods, an invoice or receipt
12 provided by the business entity as certification of the contribution's net cost to the
13 business entity.

14 (3) The Department may not approve an application for approval of a
15 contribution if it determines that:

16 (i) The maximum amount of contributions eligible for the tax
17 credit for that project for the fiscal year will be exceeded by the sum of:

18 1. The amount of the proposed contribution; and

19 2. The total amount of contributions previously approved to
20 that project for the fiscal year; or

21 (ii) The applicant has overstated the value of any nonmonetary
22 contribution included.

23 (4) By January 31 of each year, the Department shall report to the
24 Department of Assessments and Taxation, the Comptroller, and the Maryland
25 Insurance Administration the contributions that the Department has approved under
26 this section in the preceding calendar year.

27 **Article - Tax - General**

28 10-704.6.

29 [A] AN INDIVIDUAL OR A corporation may claim a credit against the STATE
30 income tax for neighborhood and community assistance contributions as provided
31 under Article 83B, § 4-704 of the Code.

32 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
33 July 1, 1998 and shall be applicable to all taxable years beginning after December 31,
34 1997.