
By: **Delegates Rudolph, W. Baker, Clagett, D'Amato, McClenahan, Rosso,
and Sophocleus**

Introduced and read first time: February 11, 2000

Assigned to: Ways and Means

A BILL ENTITLED

1 AN ACT concerning

2 **Income Tax Credit - Dredge Material Research and Use**

3 FOR the purpose of providing a credit against the State income tax for certain
4 expenses relating to research, development, and implementation of certain
5 beneficial uses of certain dredge material; requiring the Department of the
6 Environment to adopt certain criteria by regulation for certain purposes;
7 providing that the income tax credit may not be carried over to other taxable
8 years; providing for the application and termination of this Act; and generally
9 relating to a State income tax credit and beneficial uses of dredge material.

10 BY adding to

- 11 Article - Tax - General
- 12 Section 10-718
- 13 Annotated Code of Maryland
- 14 (1997 Replacement Volume and 1999 Supplement)

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

17 **Article - Tax - General**

18 10-718.

19 (A) AN INDIVIDUAL OR A CORPORATION MAY CLAIM A CREDIT AGAINST THE
20 STATE INCOME TAX IN AN AMOUNT EQUAL TO 50% OF THE AMOUNT OF QUALIFYING
21 EXPENSES THAT THE INDIVIDUAL OR CORPORATION INCURS FOR:

22 (1) RESEARCH AND DEVELOPMENT RELATED TO BENEFICIAL USES OF
23 DREDGE MATERIAL DERIVED FROM MAINTENANCE OF SHIPPING CHANNELS IN THE
24 CHESAPEAKE BAY; OR

25 (2) IMPLEMENTATION AND USE OF TECHNIQUES DEVELOPED UNDER
26 ITEM (1) OF THIS SUBSECTION, INCLUDING CONSTRUCTION AND RELATED COSTS
27 INVOLVING THE BENEFICIAL USE OF THE DREDGE MATERIAL.

1 (B) THE DEPARTMENT OF THE ENVIRONMENT SHALL ADOPT, BY
2 REGULATION, ELIGIBILITY CRITERIA FOR THE CREDIT ALLOWED UNDER THIS
3 SECTION, INCLUDING:

4 (1) ACCOUNTING AND REPORTING OF EXPENSES RELATING TO
5 RESEARCH, DEVELOPMENT, IMPLEMENTATION, AND USE OF DREDGE MATERIAL
6 UNDER THIS SUBSECTION;

7 (2) FOR RESEARCH AND DEVELOPMENT EXPENSES, REQUIREMENTS
8 FOR THE TAXPAYER TO DEMONSTRATE A DIRECT RELATIONSHIP BETWEEN THE
9 RESEARCH AND DEVELOPMENT ACTIVITY, AND THE FEASIBILITY AND
10 COST-EFFECTIVENESS PROJECTED FOR THE POTENTIAL USE OF THE DREDGE
11 MATERIAL; AND

12 (3) FOR IMPLEMENTATION AND USE OF DREDGE MATERIAL, REPORTING
13 OF SOURCES AND DESTINATIONS OF THE DREDGE MATERIAL, AND MONITORING OF
14 ENVIRONMENTAL IMPACTS, IF NEEDED.

15 (C) TO QUALIFY FOR THE CREDIT UNDER SUBSECTION (A) OF THIS SECTION,
16 THE TAXPAYER SHALL FILE A STATEMENT FROM THE DEPARTMENT OF THE
17 ENVIRONMENT CERTIFYING COMPLIANCE WITH THE REQUIREMENTS OF THIS
18 SECTION.

19 (D) (1) THE CREDIT ALLOWED UNDER THIS SECTION MAY NOT EXCEED THE
20 STATE INCOME TAX IMPOSED FOR THE TAXABLE YEAR DETERMINED BEFORE THE
21 APPLICATION OF THE CREDITS ALLOWED UNDER THIS SECTION AND §§ 10-701 AND
22 10-701.1 OF THIS SUBTITLE BUT AFTER THE APPLICATION OF ANY OTHER CREDIT
23 ALLOWED UNDER THIS SUBTITLE.

24 (2) THE UNUSED AMOUNT OF THE CREDIT FOR ANY TAXABLE YEAR MAY
25 NOT BE CARRIED OVER TO ANY OTHER TAXABLE YEAR.

26 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
27 July 1, 2000 and shall be applicable to all taxable years beginning after December 31,
28 1999 but before January 1, 2010. It shall remain effective for a period of 10 years and,
29 at the end of June 30, 2010, with no further action required by the General Assembly,
30 this Act shall be abrogated and of no further force and effect.