

---

By: **Delegate Bozman**  
Introduced and read first time: February 9, 2001  
Assigned to: Ways and Means

---

Committee Report: Favorable  
House action: Adopted  
Read second time: March 16, 2001

---

CHAPTER \_\_\_\_\_

1 AN ACT concerning

2 **Maryland Research and Development Tax Credit - Maximum Approved**  
3 **Credit**

4 FOR the purpose of altering the maximum amount of credits that the Department of  
5 Business and Economic Development may approve for a calendar year for each  
6 component of the Maryland Research and Development Tax Credit under  
7 certain circumstances; providing for the application of this Act; and generally  
8 relating to the maximum amount of credits that the Department of Business  
9 and Economic Development may approve for a calendar year for each component  
10 of the Maryland Research and Development Tax Credit.

11 BY repealing and reenacting, without amendments,  
12 Article - Tax - General  
13 Section 10-721(b)  
14 Annotated Code of Maryland  
15 (1997 Replacement Volume and 2000 Supplement)

16 BY repealing and reenacting, with amendments,  
17 Article - Tax - General  
18 Section 10-721(c)  
19 Annotated Code of Maryland  
20 (1997 Replacement Volume and 2000 Supplement)

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

1 **Article - Tax - General**

2 10-721.

3 (b) Subject to the limitations of this section, an individual or a corporation  
4 may claim credits against the State income tax in an amount equal to:

5 (1) 3% of the Maryland qualified research and development expenses,  
6 not exceeding the Maryland base amount for the individual or corporation, paid or  
7 incurred by the individual or corporation during the taxable year; and

8 (2) 10% of the amount by which the Maryland Qualified Research and  
9 Development expenses paid or incurred by the individual or corporation during the  
10 taxable year exceed the Maryland base amount for the individual or corporation.

11 (c) (1) By September 15 of the calendar year following the end of the taxable  
12 year in which the Maryland qualified research and development expenses were  
13 incurred, an individual or corporation shall submit an application to the Department  
14 for the credits allowed under subsection (b)(1) and (2) of this section.

15 (2) (i) [The] EXCEPT AS PROVIDED UNDER PARAGRAPH (4) OF THIS  
16 SUBSECTION, THE total amount of credits approved by the Department under  
17 subsection (b)(1) of this section may not exceed \$3,000,000 for any calendar year.

18 (ii) [If] SUBJECT TO PARAGRAPH (4) OF THIS SUBSECTION, IF the  
19 total amount of credits applied for by all individuals and corporations under  
20 subsection (b)(1) of this section exceeds the maximum specified under subparagraph  
21 (i) of this paragraph, the Department shall approve a credit under subsection (b)(1) of  
22 this section for each applicant in an amount equal to the product of multiplying the  
23 credit applied for by the applicant times a fraction:

24 1. the numerator of which is the maximum specified under  
25 subparagraph (i) of this paragraph; and

26 2. the denominator of which is the total of all credits applied  
27 for by all applicants under subsection (b)(1) of this section in the calendar year.

28 (3) (i) [The] EXCEPT AS PROVIDED IN PARAGRAPH (4) OF THIS  
29 SUBSECTION, THE total amount of credits approved by the Department under  
30 subsection (b)(2) of this section may not exceed \$3,000,000 for any calendar year.

31 (ii) [If] SUBJECT TO PARAGRAPH (4) OF THIS SUBSECTION, IF the  
32 total amount of credits applied for by all individuals and corporations under  
33 subsection (b)(2) of this section exceeds the maximum specified under subparagraph  
34 (i) of this paragraph, the Department shall approve a credit under subsection (b)(2) of  
35 this section for each applicant in an amount equal to the product of multiplying the  
36 credit applied for by the applicant times a fraction:

37 1. the numerator of which is the maximum specified under  
38 subparagraph (i) of this paragraph; and



