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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
			CHAITER
		1 Al	N ACT concerning
		2	Maryland Research and Development Tax Credit - Maximum Approved
		3	Credit
	OR 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 8	certain circumstances; providing for the application of this Act; and generally 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.		
	01 m2 1 m2 1 m2 1 m2 2 0 1 0 1 0 m2		
11 B	Y 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 B	Y 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 N	IARYLAND, 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 3% of the Maryland qualified research and development expenses, (1) 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 10% of the amount by which the Maryland Qualified Research and (2) 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 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 [The] EXCEPT AS PROVIDED UNDER PARAGRAPH (4) OF THIS (2)16 SUBSECTION, THE total amount of credits approved by the Department under subsection (b)(1) of this section may not exceed \$3,000,000 for any calendar year. 18 [If] SUBJECT TO PARAGRAPH (4) OF THIS SUBSECTION, IF the (ii) 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 the numerator of which is the maximum specified under 25 subparagraph (i) of this paragraph; and the denominator of which is the total of all credits applied 26 27 for by all applicants under subsection (b)(1) of this section in the calendar year. [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. [If] SUBJECT TO PARAGRAPH (4) OF THIS SUBSECTION, IF the 31 (ii) 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 the numerator of which is the maximum specified under 38 subparagraph (i) of this paragraph; and

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1 2. the denominator of which is the total of all credits applied 2 for by all applicants under subsection (b)(2) of this section in the calendar year. 3 FOR ANY CALENDAR YEAR, IF THE MAXIMUM SPECIFIED 4 UNDER PARAGRAPH (2)(I) OF THIS SUBSECTION EXCEEDS THE TOTAL AMOUNT OF 5 CREDITS APPLIED FOR BY ALL INDIVIDUALS AND CORPORATIONS UNDER 6 SUBSECTION (B)(1) OF THIS SECTION, THE MAXIMUM SPECIFIED UNDER PARAGRAPH 7 (3)(I) OF THIS SUBSECTION SHALL BE INCREASED FOR THAT CALENDAR YEAR BY AN 8 AMOUNT EQUAL TO THE AMOUNT BY WHICH THE MAXIMUM SPECIFIED UNDER 9 PARAGRAPH (2)(I) OF THIS SUBSECTION EXCEEDS THE TOTAL AMOUNT OF CREDITS 10 APPLIED FOR BY ALL INDIVIDUALS AND CORPORATIONS UNDER SUBSECTION (B)(1) 11 OF THIS SECTION. 12 (II)FOR ANY CALENDAR YEAR, IF THE MAXIMUM SPECIFIED 13 UNDER PARAGRAPH (3)(I) OF THIS SUBSECTION EXCEEDS THE TOTAL AMOUNT OF 14 CREDITS APPLIED FOR BY ALL INDIVIDUALS AND CORPORATIONS UNDER 15 SUBSECTION (B)(2) OF THIS SECTION, THE MAXIMUM SPECIFIED UNDER PARAGRAPH 16 (2)(I) OF THIS SUBSECTION SHALL BE INCREASED FOR THAT CALENDAR YEAR BY AN 17 AMOUNT EQUAL TO THE AMOUNT BY WHICH THE MAXIMUM SPECIFIED UNDER 18 PARAGRAPH (3)(I) OF THIS SUBSECTION EXCEEDS THE TOTAL AMOUNT OF CREDITS 19 APPLIED FOR BY ALL INDIVIDUALS AND CORPORATIONS UNDER SUBSECTION (B)(2) 20 OF THIS SECTION. 21 (5) By December 15 of the calendar year following the end of the 22 taxable year in which the Maryland qualified research and development expenses 23 were incurred, the Department shall certify to the individual or corporation the 24 amount of the research and development tax credits approved by the Department for 25 the individual or corporation under subsection (b)(1) and (2) of this section. 26 [(5)](6)To claim the approved credits allowed under this section, an 27 individual or corporation shall: 28 file an amended income tax return for the taxable year in which 29 the Maryland qualified research and development expense was incurred; and 30 attach a copy of the Department's certification of the approved (ii) 31 credit amount to the amended income tax return. SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect 32 33 July 1, 2001, and shall be applicable to all taxable years beginning after December 31, 34 1999.