

SENATE BILL 879

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Q3  
SB 691/97 - B&T

2002 Regular Session  
2r1487

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By: **Senator Pinsky**

Introduced and read first time: February 27, 2002

Assigned to: Rules

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A BILL ENTITLED

1 AN ACT concerning

2 **Income Tax - Corporations - Denial of Deduction for Excessive**  
3 **Compensation of Officers and Directors**

4 FOR the purpose of providing an addition modification for Maryland income tax for  
5 certain compensation by a corporation of its officers and directors; and providing  
6 for the application of this Act.

7 BY repealing and reenacting, without amendments,  
8 Article - Tax - General  
9 Section 10-305(a)  
10 Annotated Code of Maryland  
11 (1997 Replacement Volume and 2001 Supplement)

12 BY adding to  
13 Article - Tax - General  
14 Section 10-305(e)  
15 Annotated Code of Maryland  
16 (1997 Replacement Volume and 2001 Supplement)

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

19 **Article - Tax - General**

20 10-305.

21 (a) To the extent excluded from federal taxable income, the amounts under  
22 this section are added to the federal taxable income of a corporation to determine  
23 Maryland modified income.

24 (E) THE ADDITION UNDER SUBSECTION (A) OF THIS SECTION INCLUDES THE  
25 AMOUNT OF SALARY, WAGES, OR OTHER COMPENSATION FOR PERSONAL SERVICES  
26 PAID OR INCURRED BY A CORPORATION TO AN OFFICER OR DIRECTOR OF THE  
27 CORPORATION IN EXCESS OF 20 TIMES THE ANNUAL SALARY, WAGES, OR OTHER

1 COMPENSATION FOR PERSONAL SERVICES OF THE LOWEST PAID FULL-TIME  
2 EMPLOYEE OF THE CORPORATION.

3 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take  
4 effect July 1, 2002 and shall be applicable to all taxable years beginning after  
5 December 31, 2001.