

BY: Conference Committee

AMENDMENTS TO HOUSE BILL NO. 753

(Third Reading File Bill)

AMENDMENT NO. 1

On page 1, strike beginning with “requiring” in line 6 down through “circumstances;” in line 20.

On page 2, strike beginning with “altering” in line 8 down through “services;” in line 40; and strike beginning with “altering” in line 43 down through “fund;” in line 47 and substitute “imposing a certain surcharge on the Maryland taxable income of corporations for certain taxable years; requiring the Comptroller to distribute the revenues from the surcharge to the General Fund of the State;”.

On page 3, strike beginning with “imposing” in line 14 down through “filings” in line 19; in line 20, strike beginning with “requiring” through “study;” and substitute “requiring that certain revenues be deposited in the General Fund rather than certain special funds;”; in line 21, strike “and the Department of Assessments and Taxation”; and in line 23, strike “dates” and substitute “date”.

AMENDMENT NO. 2

On pages 3 and 4, strike in their entirety the lines beginning with line 30 on page 3 through line 22 on page 4, inclusive.

On page 5, strike in their entirety lines 2 through 17, inclusive.

On page 6, after line 19, insert:

“BY repealing and reenacting, with amendments,

Article - Tax - General

Section 2-614, 2-615, 10-101(j), 10-102, 10-105(b), 10-402(c), and 10-804(e)(3)

Annotated Code of Maryland

(Over)

(1997 Replacement Volume and 2002 Supplement)

BY adding to

Article - Tax - General

Section 2-613.1, 10-109, and 10-306.1

Annotated Code of Maryland

(1997 Replacement Volume and 2002 Supplement)”.

On pages 6 and 7, strike in their entirety the lines beginning with line 25 on page 6 through line 8 on page 7, inclusive.

AMENDMENT NO. 3

On pages 7 through 36, strike in their entirety the lines beginning with line 29 on page 7 through line 12 on page 36, inclusive.

On page 36, in line 15, strike “SUBTITLE 8” and substitute “SUBTITLE 1”.

AMENDMENT NO. 4

On page 39, after line 24, insert:

“2-613.1.

AFTER MAKING THE DISTRIBUTION REQUIRED UNDER § 2-613 OF THIS SUBTITLE, THE COMPTROLLER SHALL DISTRIBUTE TO THE GENERAL FUND THE REVENUE FROM THE SURCHARGE ON INCOME OF CORPORATIONS IMPOSED UNDER § 10-102(2) OF THIS ARTICLE.

2-614.

After making the distribution required under [§ 2-613] §§ 2-613 AND 2-613.1 of this subtitle, the Comptroller shall distribute monthly 24% of the remaining income tax revenue from corporations to the Gasoline and Motor Vehicle Revenue Account in the Transportation Trust Fund.

2-615.

After making the distributions required under §§ 2-613 [and] THROUGH 2-614 of this subtitle, the Comptroller shall distribute the remaining income tax revenue from corporations to the General Fund of the State.

10-101.

- (j) (1) “State income tax” means the State tax on income imposed under this title.
- (2) “STATE INCOME TAX” INCLUDES THE SURCHARGE ON INCOME OF CORPORATIONS IMPOSED UNDER § 10-102(2) OF THIS SUBTITLE.

10-102.

Except as provided in § 10-104 of this subtitle[,]:

- (1) a tax is imposed on the Maryland taxable income of each individual and of each corporation; AND
- (2) FOR A TAXABLE YEAR BEGINNING AFTER DECEMBER 31, 2002 BUT BEFORE JANUARY 1, 2006, IN ADDITION TO THE TAX IMPOSED UNDER ITEM (1) OF THIS SECTION, A SURCHARGE IS IMPOSED ON THE MARYLAND TAXABLE INCOME OF EACH CORPORATION.’’.

On page 40, after line 10, insert:

“10-105.

- (b) (1) [The] SUBJECT TO PARAGRAPH (2) OF THIS SUBSECTION, THE State income tax rate for a corporation is 7% of Maryland taxable income.
- (2) THE RATE OF THE SURCHARGE IMPOSED UNDER § 10-102(2) OF THIS SUBTITLE IS 10% OF THE TAX IMPOSED UNDER PARAGRAPH (1) OF THIS SUBSECTION.’’.

AMENDMENT NO. 5

On pages 40 through 44, strike in their entirety the lines beginning with line 11 on page 40 through line 25 on page 44, inclusive.

(Over)

AMENDMENT NO. 6

On page 45, strike in their entirety lines 9 through 16, inclusive; after line 19, insert:

“(2) “BANK” MEANS:

(I) A BANK HOLDING COMPANY AS DEFINED IN THE FEDERAL BANK HOLDING COMPANY ACT OF 1956, AS AMENDED, OR A BANK, TRUST COMPANY, SAVINGS BANK, OR SAVINGS AND LOAN ASSOCIATION INCORPORATED OR CHARTERED UNDER THE LAWS OF THIS STATE, ANOTHER STATE, OR THE UNITED STATES; OR

(II) A SUBSIDIARY OR AFFILIATE OF AN ENTITY DESCRIBED IN ITEM (I) OF THIS PARAGRAPH.

(3) “BIOTECHNOLOGY” MEANS THE APPLICATION OF BIOCHEMISTRY, MOLECULAR AND CELLULAR BIOLOGY, GENETICS, BIOENGINEERING, AND RELATED TECHNOLOGIES TO PRODUCE OR MODIFY PRODUCTS, TO IMPROVE PLANTS OR ANIMALS, TO DEVELOP MICROORGANISMS FOR SPECIFIC USES, TO IDENTIFY TARGETS FOR SMALL MOLECULE PHARMACEUTICAL DEVELOPMENT, OR TO TRANSFORM BIOLOGICAL SYSTEMS INTO USEFUL PROCESSES.”;

and in lines 20, 32, and 35, strike “(2)”, “(3)”, and “(4)”, respectively, and substitute “(4)”, “(5)”, and “(6)”, respectively.

On page 46, in lines 3 and 11, strike “(5)” and “(6)”, respectively, and substitute “(7)” and “(8)”, respectively.

On page 47, in line 16, strike the second “OR”; in line 17, strike “ON” and substitute “MEASURED BY”; in line 28, after “4%” insert “; OR”

(III) IN THE CASE OF AN INTEREST EXPENSE, THE CORPORATION AND THE RELATED MEMBER ARE BANKS”;

after line 28, insert:

“(D) THE ADDITION REQUIRED UNDER SUBSECTION (B) OF THIS SECTION DOES NOT APPLY TO ANY INTANGIBLE EXPENSE PAID, ACCRUED, OR INCURRED TO PURCHASE, LICENSE, DEVELOP, OR PROTECT PATENTS, TRADE SECRETS, COPYRIGHTS, OR TRADEMARKS USED IN THE BIOTECHNOLOGY INDUSTRY.”;

and in line 29, strike “(D)” and substitute “(E)”.

On page 48, in line 1, strike “(E)” and substitute “(F)”.

AMENDMENT NO. 7

On pages 51 through 57, strike in their entirety the lines beginning with line 22 on page 51 through line 32 on page 57, inclusive.

On page 57, after line 32, insert:

“SECTION 2. AND BE IT FURTHER ENACTED, That, notwithstanding the provisions of § 8-402 of the Transportation Article or any other provision of law, for fiscal year 2004 only, in addition to any revenues specified in Section 17 of Chapter (H.B. 935) of the Acts of 2003, \$7,700,000 from motor vehicle registration revenues and other user fees from the Motor Vehicle Administration shall be deposited in the General Fund rather than in the Gasoline and Motor Vehicle Revenue Account of the Transportation Trust Fund or the Transportation Trust Fund, respectively. Notwithstanding the provisions of this section, the calculation of the local share of highway user revenues pursuant to § 8-403 of the Transportation Article shall not be affected and the total amount of highway user revenues for the purpose of such calculation shall be calculated in accordance with the provisions of law without regard to this section.”;

and in line 33, strike “8.” and substitute “3.”.

AMENDMENT NO. 8

On page 58, strike in their entirety lines 1 through 3, inclusive; after line 3, insert:

“SECTION 4. AND BE IT FURTHER ENACTED, That, for a taxable year beginning after December 31, 2002 but before January 1, 2004:

(Over)

(1) A corporation's estimated tax payments for the taxable year shall reflect the income tax surcharge imposed under § 10-102(2) of the Tax - General Article, as enacted by Section 1 of this Act; and

(2) Notwithstanding §§ 13-602 and 13-702 of the Tax - General Article, the Comptroller shall assess interest and penalties under §§ 13-602 and 13-702 of the Tax - General Article if a corporation pays estimated income tax for the taxable year in an amount less than 90% of the tax required to be shown on the corporation's income tax return for the taxable year.”;

strike in their entirety lines 9 through 11, inclusive; in line 12, strike “11.” and substitute “5.”; in line 14, strike “Section 2” and substitute “the premium tax imposed under § 6-102 of the Insurance Article, as enacted by Section 1”; in lines 14 and 19, in each instance, after “Act” insert a comma; in line 19, strike “Section 2” and substitute “The premium tax imposed under § 6-102 of the Insurance Article, as enacted by Section 1”; in lines 21 and 23, in each instance, strike “on or”; in line 25, strike “Section 2 of this Act” and substitute “Title 6 of the Insurance Article”; in line 26, strike “12.” and substitute “6.”; and after line 30, insert:

“SECTION 7. AND BE IT FURTHER ENACTED, That §§ 10-109, 10-306.1, 10-402(c), and 10-804(e)(3) of the Tax - General Article, as enacted by Section 1 of this Act, shall be applicable to all taxable years beginning after December 31, 2002.”.

On pages 58 and 59, strike in their entirety the lines beginning with line 31 on page 58 through line 2 on page 59, inclusive.

On page 59, in line 3, strike “16.” and substitute “8.”; and in line 4, strike “9 through 15” and substitute “5 through 7”.