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By: **Delegates Hixson, Bozman, Gordon, Healey, Howard, Marriott, and  
Patterson**

Introduced and read first time: February 7, 2003

Assigned to: Ways and Means

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A BILL ENTITLED

1 AN ACT concerning

2 **Corporations and Other Business Entities - Fees and Taxes**

3 FOR the purpose of altering certain fees collected by the Department of Assessments  
4 and Taxation for the filing of annual reports by certain entities; requiring the  
5 Department to collect certain fees for the filing of annual reports by certain  
6 entities; authorizing the Comptroller to distribute, apportion, or allocate certain  
7 tax attributes between and among two or more organizations, trades, or  
8 businesses under certain circumstances; requiring that certain interest  
9 expenses and certain intangible expenses be added to the federal taxable income  
10 of a corporation to determine Maryland modified income under certain  
11 circumstances; providing that to the extent allowed under the Constitution of  
12 the United States, under certain circumstances certain income of certain  
13 corporations that is not apportionable under the Constitution of the United  
14 States shall be allocated to the State for income tax purposes; requiring that  
15 certain sales of tangible personal property be excluded from the denominator of  
16 the sales factor used for apportioning a corporation's income to the State under  
17 certain circumstances; requiring certain corporations to compute Maryland  
18 taxable income using a certain method for certain taxable years; requiring  
19 certain corporations under certain circumstances to include with an income tax  
20 return or otherwise file with the Comptroller a certain statement regarding  
21 certain dealings and transactions with related corporations; providing that  
22 except as provided by and subject to regulations of the Comptroller, certain  
23 groups of corporations shall file a combined income tax return reflecting the  
24 aggregate income tax liability of all of the members of the group for certain  
25 taxable years; requiring the Comptroller to adopt certain regulations; defining  
26 certain terms; providing for the application of this Act; and generally relating to  
27 certain fees and taxes imposed on corporations and other business entities.

28 BY repealing and reenacting, with amendments,  
29 Article - Corporations and Associations  
30 Section 1-203(3)  
31 Annotated Code of Maryland  
32 (1999 Replacement Volume and 2002 Supplement)

1 BY adding to  
 2 Article - Tax - General  
 3 Section 10-109, 10-306.1, and 10-402.1  
 4 Annotated Code of Maryland  
 5 (1997 Replacement Volume and 2002 Supplement)

6 BY repealing and reenacting, with amendments,  
 7 Article - Tax - General  
 8 Section 10-402(c), 10-804(e)(3), and 10-811  
 9 Annotated Code of Maryland  
 10 (1997 Replacement Volume and 2002 Supplement)

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

13 **Article - Corporations and Associations**

14 1-203.

15 In addition to any organization and capitalization fee required under § 1-204 of  
 16 this article, the Department shall collect the following fees:

17 (3) For each of the following documents which are filed but not recorded,  
 18 the filing fee is as indicated:

19	Reservation of a corporate, limited partnership, limited liability	
20	partnership or limited liability company name.....	\$7
21	Original registration of name of a foreign corporation to end of	
22	calendar year .....	\$50
23	Renewal of registration of name of a foreign corporation for one	
24	calendar year .....	\$50
25	Documents in connection with the qualification of a foreign	
26	corporation to do intrastate business in this State.....	\$50
27	Application for registration of a foreign limited partnership, a	
28	foreign limited liability partnership, or a foreign limited	
29	liability company.....	\$50
30	Annual report of a Maryland corporation, except a charitable or	
31	benevolent institution, nonstock corporation, savings and loan	
32	corporation, credit union, and banking institution.....	[\$100] \$250

1 Annual report of a foreign corporation subject to the jurisdiction  
2 of this State, except an insurance company which pays an  
3 annual filing fee of \$25 to the Insurance Commissioner,  
4 national banking association, savings and loan association,  
5 credit union, nonstock corporation, and charitable and  
6 benevolent institution ..... [\$100] \$250  
7 Annual report of a Maryland savings and loan association,  
8 banking institution, or credit union or of a foreign savings and  
9 loan association, national banking association, or credit union  
10 that is subject to the jurisdiction of this State..... [\$100] \$250  
11 ANNUAL REPORT OF A MARYLAND LIMITED LIABILITY COMPANY,  
12 LIMITED LIABILITY PARTNERSHIP, LIMITED PARTNERSHIP, OR  
13 OF A FOREIGN LIMITED LIABILITY COMPANY, FOREIGN LIMITED  
14 LIABILITY PARTNERSHIP, OR FOREIGN LIMITED PARTNERSHIP..... \$250  
15 Annual report of a real estate investment trust doing business in  
16 this State ..... [\$25] \$250  
17 Other documents ..... \$6

18 **Article - Tax - General**

19 10-109.

20 (A) THE COMPTROLLER MAY DISTRIBUTE, APPORTION, OR ALLOCATE GROSS  
21 INCOME, DEDUCTIONS, CREDITS, OR ALLOWANCES BETWEEN AND AMONG TWO OR  
22 MORE ORGANIZATIONS, TRADES, OR BUSINESSES, WHETHER OR NOT  
23 INCORPORATED, WHETHER OR NOT ORGANIZED IN THE UNITED STATES, AND  
24 WHETHER OR NOT AFFILIATED, IF:

25 (1) THE ORGANIZATIONS, TRADES, OR BUSINESSES ARE OWNED OR  
26 CONTROLLED DIRECTLY OR INDIRECTLY BY THE SAME INTERESTS; AND

27 (2) THE COMPTROLLER DETERMINES THAT THE DISTRIBUTION,  
28 APPORTIONMENT, OR ALLOCATION IS NECESSARY IN ORDER TO PREVENT THE  
29 EVASION OF TAXES OR TO CLEARLY REFLECT THE INCOME OF ANY SUCH  
30 ORGANIZATIONS, TRADES, OR BUSINESSES.

31 (B) THE COMPTROLLER SHALL ADOPT REGULATIONS THAT ARE NECESSARY  
32 OR APPROPRIATE TO CARRY OUT THIS SECTION.

33 10-306.1.

34 (A) (1) IN THIS SECTION THE FOLLOWING WORDS HAVE THE MEANINGS  
35 INDICATED.

1 (2) "INTANGIBLE EXPENSE" MEANS:

2 (I) AN EXPENSE, LOSS, OR COST FOR, RELATED TO, OR IN  
3 CONNECTION DIRECTLY OR INDIRECTLY WITH, THE DIRECT OR INDIRECT  
4 ACQUISITION, USE, MAINTENANCE, MANAGEMENT, OWNERSHIP, SALE, EXCHANGE,  
5 OR ANY OTHER DISPOSITION OF INTANGIBLE PROPERTY, TO THE EXTENT THE  
6 EXPENSE, LOSS, OR COST IS ALLOWED AS A DEDUCTION OR COST IN DETERMINING  
7 TAXABLE INCOME FOR THE TAXABLE YEAR UNDER THE INTERNAL REVENUE CODE;

8 (II) A LOSS RELATED TO OR INCURRED IN CONNECTION DIRECTLY  
9 OR INDIRECTLY WITH FACTORING TRANSACTIONS OR DISCOUNTING TRANSACTIONS;

10 (III) A ROYALTY, PATENT, TECHNICAL, OR COPYRIGHT FEE;

11 (IV) A LICENSING FEE; AND

12 (V) ANY OTHER SIMILAR EXPENSE OR COST.

13 (3) "INTANGIBLE PROPERTY" MEANS PATENTS, PATENT APPLICATIONS,  
14 TRADE NAMES, TRADEMARKS, SERVICE MARKS, COPYRIGHTS, AND SIMILAR TYPES  
15 OF INTANGIBLE ASSETS.

16 (4) "INTEREST EXPENSE" MEANS AN AMOUNT DIRECTLY OR INDIRECTLY  
17 ALLOWED AS A DEDUCTION UNDER § 163 OF THE INTERNAL REVENUE CODE FOR  
18 PURPOSES OF DETERMINING TAXABLE INCOME UNDER THE INTERNAL REVENUE  
19 CODE.

20 (5) "RELATED MEMBER" MEANS A PERSON THAT, WITH RESPECT TO THE  
21 TAXPAYER DURING ALL OR ANY PORTION OF THE TAXABLE YEAR, IS:

22 (I) A RELATED ENTITY;

23 (II) A COMPONENT MEMBER, AS DEFINED IN § 1563(B) OF THE  
24 INTERNAL REVENUE CODE; OR

25 (III) A PERSON TO OR FROM WHOM THERE IS ATTRIBUTION OF  
26 STOCK OWNERSHIP IN ACCORDANCE WITH § 1563(E) OF THE INTERNAL REVENUE  
27 CODE.

28 (6) "RELATED ENTITY" MEANS A PERSON THAT, APPLYING THE  
29 ATTRIBUTION RULES OF § 318 OF THE INTERNAL REVENUE CODE, IS:

30 (I) A STOCKHOLDER WHO IS AN INDIVIDUAL, OR A MEMBER OF  
31 THE STOCKHOLDER'S FAMILY ENUMERATED IN § 318 OF THE INTERNAL REVENUE  
32 CODE, IF THE STOCKHOLDER AND THE MEMBERS OF THE STOCKHOLDER'S FAMILY  
33 OWN, DIRECTLY, INDIRECTLY, BENEFICIALLY, OR CONSTRUCTIVELY, IN THE  
34 AGGREGATE, AT LEAST 50% OF THE VALUE OF THE TAXPAYER'S OUTSTANDING  
35 STOCK;

1 (II) A STOCKHOLDER, OR A STOCKHOLDER'S PARTNERSHIP,  
2 LIMITED LIABILITY COMPANY, ESTATE, TRUST, OR CORPORATION, IF THE  
3 STOCKHOLDER AND THE STOCKHOLDER'S PARTNERSHIPS, LIMITED LIABILITY  
4 COMPANIES, ESTATES, TRUSTS, AND CORPORATIONS OWN DIRECTLY, INDIRECTLY,  
5 BENEFICIALLY, OR CONSTRUCTIVELY, IN THE AGGREGATE, AT LEAST 50% OF THE  
6 VALUE OF THE TAXPAYER'S OUTSTANDING STOCK; OR

7 (III) A CORPORATION, OR A PARTY RELATED TO THE CORPORATION  
8 IN A MANNER THAT WOULD REQUIRE AN ATTRIBUTION OF STOCK FROM THE  
9 CORPORATION TO THE PARTY OR FROM THE PARTY TO THE CORPORATION UNDER  
10 THE ATTRIBUTION RULES OF § 318 OF THE INTERNAL REVENUE CODE, IF THE  
11 TAXPAYER OWNS, DIRECTLY, INDIRECTLY, BENEFICIALLY, OR CONSTRUCTIVELY, AT  
12 LEAST 50% OF THE VALUE OF THE CORPORATION'S OUTSTANDING STOCK.

13 (B) (1) IN ADDITION TO THE MODIFICATIONS UNDER §§ 10-305 AND 10-306  
14 OF THIS SUBTITLE, EXCEPT AS OTHERWISE PROVIDED IN THIS SECTION, THE  
15 AMOUNTS UNDER PARAGRAPH (2) OF THIS SUBSECTION ARE ADDED TO THE  
16 FEDERAL TAXABLE INCOME OF A CORPORATION TO DETERMINE MARYLAND  
17 MODIFIED INCOME.

18 (2) THE ADDITION UNDER THIS SUBSECTION INCLUDES ANY  
19 OTHERWISE DEDUCTIBLE INTEREST EXPENSE OR INTANGIBLE EXPENSE, IF THE  
20 INTEREST EXPENSE OR INTANGIBLE EXPENSE IS DIRECTLY OR INDIRECTLY PAID,  
21 ACCRUED, OR INCURRED TO, OR IN CONNECTION DIRECTLY OR INDIRECTLY WITH  
22 ONE OR MORE DIRECT OR INDIRECT TRANSACTIONS WITH, ONE OR MORE RELATED  
23 MEMBERS.

24 (C) THE ADDITION REQUIRED UNDER SUBSECTION (B) OF THIS SECTION DOES  
25 NOT APPLY:

26 (1) FOR ANY TAXABLE YEAR IF THE CORPORATION'S MARYLAND  
27 TAXABLE INCOME FOR THE TAXABLE YEAR IS COMPUTED USING THE COMBINED  
28 REPORTING METHOD UNDER § 10-402.1 OF THIS TITLE AND THE CORPORATION AND  
29 THE RELATED MEMBER ARE MEMBERS OF THE SAME UNITARY GROUP; OR

30 (2) TO ANY PORTION OF AN INTEREST EXPENSE OR INTANGIBLE  
31 EXPENSE TO THE EXTENT THAT THE CORPORATION ESTABLISHES BY CLEAR AND  
32 CONVINCING EVIDENCE, AS DETERMINED BY THE COMPTROLLER, THAT:

33 (I) THE TRANSACTION GIVING RISE TO THE PAYMENT OF THE  
34 INTEREST EXPENSE OR THE INTANGIBLE EXPENSE BETWEEN THE CORPORATION  
35 AND THE RELATED MEMBER DID NOT HAVE AS A PRINCIPAL PURPOSE THE  
36 AVOIDANCE OF ANY PORTION OF THE TAX DUE UNDER THIS TITLE;

37 (II) THE INTEREST EXPENSE OR THE INTANGIBLE EXPENSE WAS  
38 PAID PURSUANT TO ARM'S LENGTH CONTRACTS AT AN ARM'S LENGTH RATE OF  
39 INTEREST OR PRICE; AND

40 (III) 1. DURING THE SAME TAXABLE YEAR, THE RELATED  
41 MEMBER DIRECTLY OR INDIRECTLY PAID, ACCRUED, OR INCURRED THE INTEREST



1 REASONABLY ATTRIBUTABLE TO TRADE OR BUSINESS CARRIED ON IN THE STATE  
2 SHALL BE DETERMINED BY ADDING:

3 1. THE CORPORATION'S NONOPERATIONAL INCOME THAT IS  
4 ALLOCATED TO THE STATE UNDER SUBPARAGRAPH (II) OF THIS PARAGRAPH; AND

5 2. THE PART OF THE CORPORATION'S OPERATIONAL INCOME  
6 DERIVED FROM OR REASONABLY ATTRIBUTABLE TO TRADE OR BUSINESS CARRIED  
7 ON IN THE STATE AS DETERMINED UNDER PARAGRAPH (3) OR (4) OF THIS  
8 SUBSECTION.

9 (II) TO THE EXTENT ALLOWED UNDER THE CONSTITUTION OF THE  
10 UNITED STATES, IF THE PRINCIPAL PLACE FROM WHICH THE TRADE OR BUSINESS  
11 OF A CORPORATION IS DIRECTED OR MANAGED IS IN THE STATE, ALL OF THE  
12 CORPORATION'S MARYLAND MODIFIED INCOME THAT IS NONOPERATIONAL INCOME  
13 SHALL BE ALLOCATED TO THE STATE.

14 [(1)] (3) Except as provided in paragraph [(2)] (4) of this subsection, if  
15 the trade or business is a unitary business, the part of the corporation's Maryland  
16 modified income THAT IS OPERATIONAL INCOME derived from or reasonably  
17 attributable to trade or business carried on in the State shall be determined using a  
18 3-factor apportionment fraction:

19 (i) the numerator of which is the sum of the property factor, the  
20 payroll factor, and twice the sales factor; and

21 (ii) the denominator of which is 4.

22 [(2)] (4) (i) In this paragraph:

23 1. "manufacturing corporation" means a domestic or foreign  
24 corporation which is primarily engaged in activities that, in accordance with the  
25 North American Industrial Classification System (NAICS), United States Manual,  
26 United States Office of Management and Budget, 1997 Edition, would be included in  
27 Sector 11, 31, 32, or 33; and

28 2. "manufacturing corporation" does not include a refiner, as  
29 defined in § 10-101 of the Business Regulation Article.

30 (ii) If a manufacturing corporation carries on its trade or business  
31 in and out of the State and the trade or business is a unitary business, the part of the  
32 corporation's Maryland modified income THAT IS OPERATIONAL INCOME derived  
33 from or reasonably attributable to trade or business carried on in the State shall be  
34 determined using a single sales factor apportionment formula, by multiplying its  
35 Maryland modified income by 100% of the sales factor.

36 (iii) In filing its tax return for each year, a manufacturing  
37 corporation shall certify that the NAICS Code reported on its Maryland return is  
38 consistent with that reported to other government agencies.

1 (iv) If the Comptroller determines that a corporation has submitted  
2 information that incorrectly classifies the corporation as a manufacturing corporation  
3 under subparagraph (i) of this paragraph, the Comptroller shall reclassify the  
4 corporation in an appropriate manner.

5 (v) The Comptroller, in consultation with the Department of  
6 Business and Economic Development, shall adopt regulations necessary to carry out  
7 the provisions of this subsection.

8 (vi) As part of its tax return for a taxable year beginning after  
9 December 31, 2000 but before January 1, 2003, each manufacturing corporation that  
10 has more than 25 employees and apportions its income under this paragraph shall  
11 submit a report, in the form that the Comptroller requires by regulation, that  
12 describes for each taxable year as of the last day of the taxable year the following:

13 1. the difference in tax owed as a result of using single sales  
14 factor apportionment method under this paragraph as compared to the tax owed  
15 using the 3-factor double weighted sales factor apportionment method in effect for  
16 the last taxable year beginning on or before December 31, 2000;

17 2. volume of sales in the State and worldwide;

18 3. taxable income in the State and worldwide; and

19 4. book value of plant, land, and equipment in the State and  
20 worldwide.

21 (vii) On or before October 1, 2003 and October 1, 2004, and  
22 notwithstanding any confidentiality requirements, the Comptroller shall prepare and  
23 submit to the Governor and, subject to § 2-1246 of the State Government Article, to  
24 the General Assembly, a comprehensive report on the use of single sales factor  
25 apportionment by manufacturing corporations that provides, at a minimum:

26 1. the number of corporations filing tax returns for the  
27 taxable year that ended during the preceding calendar year that use single sales  
28 factor apportionment and the number of such corporations having a Maryland income  
29 tax liability for that taxable year;

30 2. the number of corporations paying less in Maryland  
31 income tax for that taxable year as a result of using single sales factor apportionment  
32 and the aggregate amount of Maryland income tax savings for all such corporations  
33 for that taxable year as a result of using single sales factor apportionment; and

34 3. the number of corporations paying more in Maryland  
35 income tax for the taxable year as a result of using single sales factor apportionment  
36 and the aggregate amount of additional Maryland income tax owed by those  
37 corporations for the taxable year as a result of using single sales factor  
38 apportionment.





1 (C) (1) UNDER THE COMBINED REPORTING METHOD, IF A CORPORATION IS  
2 A MEMBER OF A UNITARY GROUP AND IS SUBJECT TO THE MARYLAND INCOME TAX,  
3 THE PART OF THE CORPORATION'S MARYLAND MODIFIED INCOME THAT IS DERIVED  
4 FROM OR REASONABLY ATTRIBUTABLE TO TRADE OR BUSINESS CARRIED ON IN THE  
5 STATE SHALL BE DETERMINED BY ADDING:

6 (I) THE CORPORATION'S NONOPERATIONAL INCOME THAT IS  
7 ALLOCATED TO THE STATE UNDER PARAGRAPH (2) OF THIS SUBSECTION; AND

8 (II) THE PART OF THE CORPORATION'S OPERATIONAL INCOME  
9 DERIVED FROM OR REASONABLY ATTRIBUTABLE TO TRADE OR BUSINESS CARRIED  
10 ON IN THE STATE AS DETERMINED UNDER PARAGRAPH (3) OF THIS SUBSECTION.

11 (2) TO THE EXTENT ALLOWED UNDER THE CONSTITUTION OF THE  
12 UNITED STATES, IF THE PRINCIPAL PLACE FROM WHICH THE TRADE OR BUSINESS  
13 OF A CORPORATION IS DIRECTED OR MANAGED IS IN THE STATE, ALL OF THE  
14 CORPORATION'S MARYLAND MODIFIED INCOME THAT IS NONOPERATIONAL INCOME  
15 SHALL BE ALLOCATED TO THE STATE.

16 (3) THE PART OF THE CORPORATION'S OPERATIONAL INCOME DERIVED  
17 FROM OR REASONABLY ATTRIBUTABLE TO TRADE OR BUSINESS CARRIED ON IN THE  
18 STATE SHALL BE DETERMINED AS FOLLOWS:

19 (I) DETERMINE THE MARYLAND MODIFIED INCOME OF THE  
20 UNITARY GROUP THAT IS OPERATIONAL INCOME BY COMBINING THE  
21 CORPORATION'S OPERATIONAL INCOME WITH THE OPERATIONAL INCOME OF OTHER  
22 MEMBERS OF THE UNITARY GROUP, DISREGARDING TRANSACTIONS BETWEEN  
23 MEMBERS OF THE UNITARY GROUP TO ACCURATELY REFLECT THE OPERATIONAL  
24 INCOME OF THE UNITARY GROUP;

25 (II) DETERMINE THE PART OF THE UNITARY GROUP'S MARYLAND  
26 MODIFIED INCOME THAT IS OPERATIONAL INCOME DERIVED FROM OR REASONABLY  
27 ATTRIBUTABLE TO TRADE OR BUSINESS CARRIED ON IN THE STATE USING A  
28 MARYLAND APPORTIONMENT FRACTION OF THE UNITARY GROUP, BASED ON  
29 NUMERATORS AND DENOMINATORS OF THE PROPERTY, PAYROLL, AND SALES  
30 FACTORS UNDER § 10-402 OF THIS SUBTITLE COMPUTED BY COMBINING THOSE  
31 AMOUNTS ASSOCIATED WITH THE ACTIVITIES OF THE CORPORATION WITH THE  
32 ACTIVITIES OF OTHER MEMBERS OF THE UNITARY GROUP, DISREGARDING  
33 TRANSACTIONS BETWEEN MEMBERS OF THE UNITARY GROUP TO ACCURATELY  
34 REFLECT THE INCOME ALLOCABLE TO MARYLAND; AND

35 (III) FOR EACH MEMBER OF THE UNITARY GROUP THAT IS SUBJECT  
36 TO THE MARYLAND INCOME TAX, ALLOCATE A PORTION OF THE AMOUNT  
37 DETERMINED UNDER ITEM (II) OF THIS PARAGRAPH TO THAT CORPORATION BY  
38 MULTIPLYING THE AMOUNT DETERMINED UNDER ITEM (II) OF THIS PARAGRAPH BY  
39 A FRACTION:

40 1. THE NUMERATOR OF WHICH IS THE MARYLAND  
41 APPORTIONMENT FRACTION OF THAT CORPORATION, DETERMINED BY USING THAT  
42 CORPORATION'S MARYLAND FACTORS IN THE NUMERATORS OF THE



1 (E) THE COMPTROLLER SHALL ADOPT REGULATIONS THAT ARE NECESSARY  
2 OR APPROPRIATE TO CARRY OUT THIS SECTION.

3 10-804.

4 (e) Each person required under this subtitle to file an income tax return or  
5 estimated income tax declaration or return shall:

6 (3) attach to an income tax return or otherwise file with the Comptroller  
7 any records or statements that the Comptroller requires, including:

8 (i) for an individual who has income tax withheld from salary,  
9 wages, or other compensation for personal services, or other payments, a copy of the  
10 statement from the person who withholds the tax that states:

11 1. the amount of salary, wages, or other compensation for  
12 personal services paid and the income tax withheld; or

13 2. the amount of payments made and the income tax  
14 withheld; [and]

15 (ii) a copy of the federal income tax return:

16 1. for a corporation; and

17 2. if the Comptroller requests, for an individual; AND

18 (III) IF THE COMPTROLLER REQUESTS, FOR A CORPORATION THAT  
19 IS A MEMBER OF AN AFFILIATED GROUP OR A CONTROLLED GROUP UNDER § 1504 OR  
20 § 1563 OF THE INTERNAL REVENUE CODE, A STATEMENT OF ALL INTER-MEMBER  
21 COSTS OR EXPENSES AND ALL INTER-MEMBER SALES, EXCHANGES, OR OTHER  
22 TRANSACTIONS INVOLVING TANGIBLE OR INTANGIBLE PROPERTY FOR THE TAXABLE  
23 YEAR.

24 10-811.

25 (A) [Each] EXCEPT AS PROVIDED IN SUBSECTION (B) OF THIS SECTION, EACH  
26 member of an affiliated group of corporations shall file a separate income tax return.

27 (B) (1) FOR A TAXABLE YEAR BEGINNING AFTER DECEMBER 31, 2004,  
28 EXCEPT AS PROVIDED BY AND SUBJECT TO REGULATIONS ADOPTED BY THE  
29 COMPTROLLER, AN AFFILIATED GROUP OF CORPORATIONS ENGAGED IN A UNITARY  
30 BUSINESS SHALL FILE A COMBINED INCOME TAX RETURN REFLECTING THE  
31 AGGREGATE INCOME TAX LIABILITY OF ALL OF THE MEMBERS OF THE AFFILIATED  
32 GROUP THAT ARE ENGAGED IN A UNITARY BUSINESS.

33 (2) THE COMPTROLLER SHALL ADOPT REGULATIONS THAT ARE  
34 NECESSARY OR APPROPRIATE TO CARRY OUT THIS SUBSECTION.

35 SECTION 2. AND BE IT FURTHER ENACTED, That the Comptroller's  
36 authority under § 10-109 of the Tax - General Article, as enacted in Section 1 of this

1 Act, to distribute, apportion, or allocate gross income, deductions, credits, or  
2 allowances between and among two or more organizations, trades, or businesses to  
3 clearly reflect income shall apply to any taxable year for which an assessment is not  
4 barred by the statute of limitations.

5 SECTION 3. AND BE IT FURTHER ENACTED, That, except as provided in  
6 Section 2 of this Act, this Act shall take effect June 1, 2003, and shall be applicable to  
7 all taxable years beginning after December 31, 2002.