

HOUSE BILL 798

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Q3

2004 Regular Session
4r0972

By: **Delegates Trueschler, Bartlett, Boteler, Cardin, Carter, Conroy, DeBoy, Dumais, Feldman, Frank, Fulton, Gilleland, Hogan, Kach, Kaiser, Love, McKee, McMillan, Minnick, Montgomery, Parker, Pendergrass, Ramirez, Shank, and Sossi**

Introduced and read first time: February 6, 2004

Assigned to: Ways and Means

A BILL ENTITLED

1 AN ACT concerning

2 **Income Tax - Credit for Classroom Supplies Purchased by Teachers**

3 FOR the purpose of authorizing certain elementary or secondary school teachers to
4 claim a certain credit against the State income tax for certain classroom
5 supplies purchased; providing that the credit may not exceed a certain amount;
6 prohibiting the unused amount of the credit from being carried over to any other
7 taxable year; requiring a claimant to keep certain records; requiring a certain
8 addition modification to determine Maryland adjusted gross income if a certain
9 credit is claimed; providing for the application of this Act; and generally relating
10 to a credit against the State income tax for certain classroom supplies purchased
11 by certain elementary or secondary school teachers.

12 BY repealing and reenacting, without amendments,
13 Article - Tax - General
14 Section 10-205(a)
15 Annotated Code of Maryland
16 (1997 Replacement Volume and 2003 Supplement)

17 BY adding to
18 Article - Tax - General
19 Section 10-205(j) and 10-725
20 Annotated Code of Maryland
21 (1997 Replacement Volume and 2003 Supplement)

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

1 **Article - Tax - General**

2 10-205.

3 (a) In addition to the modification under § 10-204 of this subtitle, the
4 amounts under this section are added to the federal adjusted gross income of a
5 resident to determine Maryland adjusted gross income.

6 (J) TO THE EXTENT EXCLUDED FROM FEDERAL ADJUSTED GROSS INCOME,
7 THE ADDITION UNDER SUBSECTION (A) OF THIS SECTION INCLUDES THE AMOUNT
8 OF A CREDIT CLAIMED UNDER § 10-725 OF THIS TITLE FOR EXPENSES PAID FOR
9 TEACHERS' CLASSROOM SUPPLIES.

10 10-725.

11 (A) (1) IN THIS SECTION THE FOLLOWING WORDS HAVE THE MEANINGS
12 INDICATED.

13 (2) (I) "ELIGIBLE EXPENSES" MEANS EXPENSES PAID FOR BOOKS,
14 SUPPLIES, COMPUTER EQUIPMENT, AND OTHER EQUIPMENT AND SUPPLEMENTARY
15 MATERIALS USED BY AN ELIGIBLE TEACHER IN THE CLASSROOM.

16 (II) "ELIGIBLE EXPENSES" INCLUDES RELATED COMPUTER
17 SOFTWARE AND SERVICES.

18 (III) "ELIGIBLE EXPENSES" DOES NOT INCLUDE NONATHLETIC
19 SUPPLIES FOR COURSES OF INSTRUCTION IN HEALTH OR PHYSICAL EDUCATION.

20 (3) (I) "ELIGIBLE TEACHER" MEANS AN INDIVIDUAL WHO IS A
21 KINDERGARTEN THROUGH GRADE TWELVE CLASSROOM TEACHER IN AN
22 ELEMENTARY OR SECONDARY SCHOOL FOR AT LEAST 900 HOURS DURING AN
23 ACADEMIC YEAR ENDING DURING A TAXABLE YEAR.

24 (II) "ELIGIBLE TEACHER" DOES NOT INCLUDE A TEACHER'S AIDE,
25 COUNSELOR, OR ADMINISTRATOR.

26 (B) (1) AN ELIGIBLE TEACHER MAY CLAIM A CREDIT AGAINST THE STATE
27 INCOME TAX IN THE AMOUNT DETERMINED UNDER PARAGRAPH (2) OF THIS
28 SUBSECTION FOR ELIGIBLE EXPENSES PAID DURING THE TAXABLE YEAR THAT:

29 (I) ARE VERIFIED BY A SCHOOL ADMINISTRATOR; AND

30 (II) ARE NOT REIMBURSED BY THE TEACHER'S EMPLOYER OR THE
31 PARENT TEACHER ASSOCIATION.

32 (2) SUBJECT TO SUBSECTION (C) OF THIS SECTION, AN ELIGIBLE
33 TEACHER MAY CLAIM THE CREDIT UNDER PARAGRAPH (1) OF THIS SUBSECTION IN
34 AN AMOUNT EQUAL TO:

35 (I) 25% OF ELIGIBLE EXPENSES PAID DURING A TAXABLE YEAR
36 BEGINNING AFTER DECEMBER 31, 2003, BUT BEFORE JANUARY 1, 2005;

1 (II) 50% OF ELIGIBLE EXPENSES PAID DURING A TAXABLE YEAR
2 BEGINNING AFTER DECEMBER 31, 2004, BUT BEFORE JANUARY 1, 2006; AND

3 (III) 75% OF ELIGIBLE EXPENSES PAID DURING ANY TAXABLE YEAR
4 BEGINNING AFTER DECEMBER 31, 2005.

5 (C) (1) THE CREDIT ALLOWED UNDER THIS SECTION MAY NOT EXCEED THE
6 LESSER OF:

7 (I) \$300; OR

8 (II) THE ELIGIBLE TEACHER'S STATE INCOME TAX LIABILITY FOR
9 THAT TAXABLE YEAR.

10 (2) THE UNUSED AMOUNT OF THE CREDIT FOR ANY TAXABLE YEAR MAY
11 NOT BE CARRIED OVER TO ANY OTHER TAXABLE YEAR.

12 (D) A CLAIMANT SHALL KEEP FOR 3 YEARS:

13 (1) COMPLETE AND ACCURATE RECORDS OF ALL ELIGIBLE EXPENSES
14 FOR WHICH A CREDIT IS CLAIMED UNDER THIS SECTION, INCLUDING
15 ADMINISTRATOR VERIFICATION; AND

16 (2) OTHER RECORDS IN THE FORM THAT THE COMPTROLLER REQUIRES
17 BY REGULATION.

18 (E) IF A CREDIT IS CLAIMED UNDER THIS SECTION, THE CLAIMANT MUST
19 MAKE THE ADDITION REQUIRED UNDER § 10-205 OF THIS TITLE.

20 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take
21 effect July 1, 2004, and shall be applicable to all taxable years beginning after
22 December 31, 2003.