
By: **Delegates Krebs, Aumann, Bates, Boutin, Eckardt, Edwards, Frank, Impallaria, Jameson, McComas, McDonough, McMillan, Miller, Minnick, Myers, Shank, Shewell, Sossi, Trueschler, Weir, and Wood**

Introduced and read first time: January 27, 2005

Assigned to: Ways and Means

A BILL ENTITLED

1 AN ACT concerning

2 **Income Tax - Expensing of Section 179 Property**

3 FOR the purpose of limiting the applicability of certain modifications to federal
4 adjusted gross income of an individual or federal taxable income of a corporation
5 for Maryland income tax purposes for certain deductions for the cost of certain
6 property treated as an expense for federal income tax purposes; providing for
7 the application of this Act; and generally relating to certain modifications for
8 Maryland income tax purposes for certain deductions for the cost of certain
9 property treated as an expense for federal income tax purposes.

10 BY repealing and reenacting, with amendments,

- 11 Article - Tax - General
- 12 Section 10-210.1(b)
- 13 Annotated Code of Maryland
- 14 (2004 Replacement Volume)

15 BY repealing and reenacting, without amendments,

- 16 Article - Tax - General
- 17 Section 10-310
- 18 Annotated Code of Maryland
- 19 (2004 Replacement Volume)

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

22 **Article - Tax - General**

23 10-210.1.

24 (b) In addition to the modifications under §§ 10-204 through 10-210 of this
25 subtitle, to determine Maryland adjusted gross income of an individual:

1 (1) an amount is added to or subtracted from federal adjusted gross
2 income to reflect the determination of the depreciation deduction provided under §
3 167(a) of the Internal Revenue Code and the adjusted basis of property without
4 regard to the additional allowance under § 168(k) of the Internal Revenue Code;

5 (2) an amount is added to or subtracted from federal adjusted gross
6 income to determine the net operating loss deduction allowed under § 172 of the
7 Internal Revenue Code without regard to the special 5-year carryback period provided
8 under § 172(b)(1)(H) of the Internal Revenue Code;

9 (3) **WITH RESPECT TO PROPERTY PLACED IN SERVICE BEFORE JANUARY**
10 1, 2005, an amount is added to or subtracted from federal adjusted gross income to
11 reflect the determination of the maximum aggregate costs that the taxpayer may
12 treat as an expense under § 179 of the Internal Revenue Code for any taxable year
13 without regard to the changes made to that section by the federal Jobs and Growth
14 Tax Relief Reconciliation Act of 2003 (P.L. 108-27); and

15 (4) an amount is added to or subtracted from federal adjusted gross
16 income to reflect the determination of the depreciation deduction with respect to any
17 heavy duty SUV as if the heavy duty SUV were subject to the limitations of § 280F of
18 the Internal Revenue Code in the same manner as it would be if the vehicle were
19 rated at 6,000 pounds gross vehicle weight or less.

20 10-310.

21 In addition to the modifications under §§ 10-305 through 10-309 of this
22 subtitle, to determine Maryland modified income the federal taxable income of a
23 corporation shall be adjusted as provided for an individual under § 10-210.1 of this
24 title.

25 **SECTION 2. AND BE IT FURTHER ENACTED,** That this Act shall take effect
26 July 1, 2005 and shall be applicable to all taxable years ending after December 31,
27 2004.