
By: **Delegate Goodwin**

Introduced and read first time: February 18, 2005

Assigned to: Rules and Executive Nominations

A BILL ENTITLED

1 AN ACT concerning

2 **Income Tax - Credit for Homeland Security Expenses**

3 FOR the purpose of allowing certain business entities a certain credit against the
 4 State income tax for certain expenses incurred for certain security devices and
 5 certain security guard services under certain circumstances; limiting to a
 6 certain amount the total amount of credits a business entity may claim in any
 7 calendar year; providing that the credit may not exceed the State income tax for
 8 that taxable year and that any unused credit may not be carried over to any
 9 other taxable year; defining certain terms; providing for the application of this
 10 Act; and generally relating to a tax credit against the State income tax for
 11 certain expenses incurred for certain security devices and certain security guard
 12 services.

13 BY adding to

14 Article - Tax - General

15 Section 10-725

16 Annotated Code of Maryland

17 (2004 Replacement Volume)

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

20 **Article - Tax - General**

21 10-725.

22 (A) (1) IN THIS SECTION THE FOLLOWING WORDS HAVE THE MEANINGS
 23 INDICATED.

24 (2) (I) "BUSINESS ENTITY" MEANS:

25 1. A PERSON CONDUCTING OR OPERATING A TRADE OR
 26 BUSINESS; OR

27 2. AN ORGANIZATION THAT IS EXEMPT FROM TAXATION
 28 UNDER § 501(C)(3) OR (4) OF THE INTERNAL REVENUE CODE.

1 (II) "BUSINESS ENTITY" INCLUDES A PERSON CONDUCTING A
2 BUSINESS THAT MANAGES OR OPERATES COMMERCIAL RENTAL PROPERTY OR
3 RESIDENTIAL MULTIFAMILY RENTAL PROPERTY.

4 (3) "LICENSED SECURITY GUARD AGENCY" MEANS A PERSON WHO IS
5 LICENSED BY THE SECRETARY OF STATE POLICE TO CONDUCT A BUSINESS THAT
6 PROVIDES SECURITY GUARD SERVICES.

7 (4) "QUALIFIED PREMISES" MEANS A BUILDING OR HOUSING
8 DEVELOPMENT IDENTIFIED BY FEDERAL OR STATE HOMELAND SECURITY
9 OFFICIALS AS A TARGET OF OPPORTUNITY FOR ACTIVITIES THAT THREATEN THE
10 HEALTH AND SAFETY OF THE PUBLIC.

11 (5) "SECURITY DEVICE" INCLUDES ACCESS CONTROL SYSTEMS AND
12 EQUIPMENT, BARRIER FENCING, BULLET-PROOF GLASS, COMMERCIAL LOCKING
13 DEVICES, DETERRENT LANDSCAPING AND LIGHTING, AND SURVEILLANCE
14 EQUIPMENT.

15 (6) "SECURITY GUARD SERVICES" INCLUDES ANY ACTIVITY THAT IS
16 PERFORMED BY A LICENSED SECURITY GUARD AGENCY TO PROTECT ANY
17 INDIVIDUAL OR PROPERTY ON BEHALF OF A BUSINESS ENTITY.

18 (B) (1) (I) SUBJECT TO PARAGRAPH (2) OF THIS SUBSECTION, A BUSINESS
19 ENTITY MAY CLAIM A CREDIT AGAINST THE STATE INCOME TAX FOR THE TAXABLE
20 YEAR IN WHICH SECURITY DEVICES ARE PURCHASED AND INSTALLED AND IN
21 WHICH SECURITY GUARD SERVICES ARE PROVIDED IN ORDER TO SECURE A
22 QUALIFIED PREMISES OWNED OR OPERATED BY THE BUSINESS ENTITY.

23 (II) A BUSINESS ENTITY THAT IS EXEMPT FROM TAXATION UNDER §
24 501(C)(3) OR (4) OF THE INTERNAL REVENUE CODE MAY CLAIM A CREDIT AGAINST
25 THE STATE INCOME TAX DUE ON UNRELATED BUSINESS INCOME AS PROVIDED
26 UNDER §§ 10-304 AND 10-812 OF THIS TITLE.

27 (2) (I) EXCEPT AS OTHERWISE PROVIDED IN THIS PARAGRAPH, THE
28 AMOUNT OF THE CREDIT ALLOWED UNDER THIS SECTION EQUALS THE SUM OF:

29 1. 75% OF THE EXPENSES INCURRED DURING THE TAXABLE
30 YEAR FOR THE PURCHASE AND INSTALLATION OF A SECURITY DEVICE INSTALLED
31 ON A QUALIFIED PREMISES AFTER JUNE 30, 2005; AND

32 2. 10% OF THE FEES PAID DURING THE TAXABLE YEAR TO A
33 LICENSED SECURITY GUARD AGENCY THAT IS HIRED AFTER JUNE 30, 2005 TO
34 PROVIDE SECURITY GUARD SERVICES FOR A QUALIFIED PREMISES.

35 (II) THE AMOUNT OF THE CREDIT ALLOWED UNDER THIS SECTION
36 MAY NOT EXCEED \$100,000 FOR A BUSINESS ENTITY IN ANY CALENDAR YEAR.

37 (C) (1) THE CREDIT ALLOWED UNDER THIS SECTION MAY NOT EXCEED THE
38 STATE INCOME TAX IMPOSED FOR THE TAXABLE YEAR.

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

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