Q3 5lr1653 CF HB 41

By: Senators Garagiola, Brinkley, Britt, Brochin, Dyson, Forehand, Giannetti, Hafer, Hogan, Klausmeier, Kramer, Lawlah, Stone, and Teitelbaum

Introduced and read first time: January 19, 2005 Assigned to: Budget and Taxation

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Section 10-308(b)

Annotated Code of Maryland

A BILL ENTITLED

| 1 | AN ACT concerning |
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| 2 | Income Tax Subtraction Modification for Cost of Employee Teleworking Expenses |
| 4 5 6 7 8 9 0 1 2 3 4 5 | amount; requiring the Secretary to submit a certain report; specifying the contents of the report; defining certain terms; providing for the application and termination of this Act; and generally relating to an income tax subtraction modification for certain employer costs incurred for certain employee |
| .7 .8 .9 20 | Section 10-208(a) and 10-308(a) Annotated Code of Maryland (2004 Replacement Volume) BY adding to Article - Tax - General Section 10-208(q) Annotated Code of Maryland |
| 26 27 | BY repealing and reenacting, with amendments, Article - Tax - General |

| 1 | (2004 Replacement Volume) |
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| 2 3 | SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND, That the Laws of Maryland read as follows: |
| 4 | Article - Tax - General |
| 5 | 10-208. |
| | (a) In addition to the modification under § 10-207 of this subtitle, the amounts under this section are subtracted from the federal adjusted gross income of a resident to determine Maryland adjusted gross income. |
| 9 10 | (Q) (1) (I) IN THIS SUBSECTION THE FOLLOWING WORDS HAVE THE MEANINGS INDICATED. |
| | (II) 1. "ELIGIBLE EMPLOYEE TELEWORKING EXPENSES" MEANS EXPENSES PAID BY AN EMPLOYER FOR EQUIPMENT OR SERVICES THAT ARE USED BY AN EMPLOYEE TO TELEWORK. |
| 14 15 | 2. "ELIGIBLE EMPLOYEE TELEWORKING EXPENSES" INCLUDES THE COSTS FOR: |
| 18 19 | A. INSTALLING AND MAINTAINING COMPUTERS, CABLE MODEM OR TELEPHONE LINES, AND TELECOMMUNICATIONS EQUIPMENT AT THE PRIVATE RESIDENCE OF AN EMPLOYEE WHO HAS BEEN AUTHORIZED TO TELEWORK BY THE EMPLOYER OR AT AN ALTERNATE WORK SITE THAT HAS BEEN APPROVED BY THE EMPLOYER; AND |
| 23 | B. PAYING FOR CABLE MODEM OR TELECOMMUNICATIONS SERVICES, SUCH AS A MONTHLY FEE FOR CONNECTION TO THE INTERNET, THAT ARE NECESSARY FOR AN EMPLOYEE WHO HAS BEEN AUTHORIZED TO TELEWORK BY AN EMPLOYER. |
| | 3. "ELIGIBLE EMPLOYEE TELEWORKING EXPENSES" DOES NOT INCLUDE COSTS INCURRED FOR USE OF EQUIPMENT OR SERVICES FOR PURPOSES OTHER THAN TELEWORKING. |
| 28 29 | (III) "EMPLOYER" MEANS A PERSON CONDUCTING OR OPERATING A TRADE OR BUSINESS IN THE STATE. |
| 30 | (IV) "SECRETARY" MEANS THE SECRETARY OF TRANSPORTATION. |
| - | (V) "TELEWORKING" MEANS USING CABLE MODEM OR TELECOMMUNICATIONS TECHNOLOGY TO WORK AT A LOCATION OTHER THAN A TRADITIONAL OFFICE SETTING. |
| 34 35 | (2) (I) SUBJECT TO SUBPARAGRAPH (II) OF THIS PARAGRAPH, THE SUBTRACTION UNDER SUBSECTION (A) OF THIS SECTION INCLUDES 100% OF THE |

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- 1 COSTS INCURRED BY AN EMPLOYER DURING THE TAXABLE YEAR FOR ELIGIBLE 2 EMPLOYEE TELEWORKING EXPENSES. THE SUBTRACTION UNDER THIS SUBSECTION MAY NOT (II)4 EXCEED \$5,000 FOR ANY TAXABLE YEAR. TO QUALIFY FOR THE SUBTRACTION MODIFICATION UNDER (I) 6 THIS SUBSECTION, AN EMPLOYER SHALL SUBMIT AN APPLICATION TO THE 7 SECRETARY, ON OR BEFORE OCTOBER 1 OF EACH YEAR, FOR APPROVAL OF THE 8 SUBTRACTION MODIFICATION FOR A TAXABLE YEAR THAT BEGINS IN THE NEXT 9 CALENDAR YEAR. (II)THE TOTAL AMOUNT OF SUBTRACTION MODIFICATIONS 11 APPROVED BY THE SECRETARY FOR EACH CALENDAR YEAR UNDER THIS 12 SUBSECTION MAY NOT EXCEED: 13 1. \$100,000 IN 2006; 14 2. \$175,000 IN 2007; AND 15 3. \$250,000 IN 2008. IF THE TOTAL AMOUNT OF SUBTRACTION MODIFICATIONS (III)16 17 APPLIED FOR BY ALL EMPLOYERS EXCEEDS THE MAXIMUM SPECIFIED IN 18 SUBPARAGRAPH (II) OF THIS PARAGRAPH, THE SECRETARY SHALL APPROVE 19 SUBTRACTION MODIFICATIONS UNDER THIS SUBSECTION IN THE ORDER IN WHICH 20 APPLICATIONS WERE RECEIVED. 21 (IV) ON OR BEFORE NOVEMBER 15 OF EACH YEAR, THE SECRETARY 22 SHALL CERTIFY TO EACH EMPLOYER THE SUBTRACTION MODIFICATION APPROVED 23 FOR THE EMPLOYER UNDER THIS SUBSECTION FOR THE TAXABLE YEAR THAT 24 BEGINS IN THE NEXT CALENDAR YEAR. TO CLAIM THE SUBTRACTION MODIFICATIONS UNDER THIS 25 (V) 26 SUBSECTION, AN EMPLOYER SHALL ATTACH A COPY OF THE SECRETARY'S 27 CERTIFICATION OF THE SUBTRACTION MODIFICATION TO THE EMPLOYER'S INCOME 28 TAX RETURN. 29 ON OR BEFORE DECEMBER 15 OF EACH YEAR, THE SECRETARY 30 SHALL SUBMIT TO THE COMPTROLLER AND, SUBJECT TO § 2-1246 OF THE STATE 31 GOVERNMENT ARTICLE, THE PRESIDENT OF THE SENATE AND THE SPEAKER OF THE 32 HOUSE OF DELEGATES A REPORT ON THE SUBTRACTION MODIFICATIONS APPROVED 33 UNDER THIS SUBSECTION FOR THE TAXABLE YEAR THAT BEGINS IN THE NEXT
- 34 CALENDAR YEAR, INCLUDING:
- THE TOTAL NUMBER OF EMPLOYERS THAT APPLIED FOR THE
- 36 SUBTRACTION MODIFICATIONS UNDER THIS SUBSECTION AND THE TOTAL NUMBER
- 37 OF EMPLOYERS APPROVED;

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- (II)THE TOTAL AMOUNT OF SUBTRACTION MODIFICATIONS 1 2 SOUGHT BY ALL EMPLOYERS AND THE TOTAL AMOUNT OF SUBTRACTION 3 MODIFICATIONS APPROVED BY THE SECRETARY FOR ALL EMPLOYERS; AND (III) FOR EACH EMPLOYER APPROVED: 4 THE NAME AND PHYSICAL LOCATION OF THE EMPLOYER 1. 6 IN THE STATE; THE NUMBER OF EMPLOYEES THAT WOULD BE 7 2. 8 TELEWORKING UNDER THE EMPLOYER AND FOR WHOM THE EMPLOYER IS SEEKING THE SUBTRACTION MODIFICATIONS: 10 3. THE ELIGIBLE EMPLOYEE TELEWORKING EXPENSES FOR 11 EACH EMPLOYEE; AND 12 THE AMOUNT OF SUBTRACTION MODIFICATIONS SOUGHT 13 BY THE EMPLOYER AND THE AMOUNT OF SUBTRACTION MODIFICATIONS APPROVED 14 BY THE SECRETARY. THE SECRETARY SHALL ADOPT REGULATIONS NECESSARY TO 15 16 CARRY OUT THE PROVISIONS OF THIS SUBSECTION. 17 10-308. 18 (a) In addition to the modification under § 10-307 of this subtitle, the 19 amounts under this section are subtracted from the federal taxable income of a 20 corporation to determine Maryland modified income. 21 (b) The subtraction under subsection (a) of this section includes the amounts 22 allowed to be subtracted for an individual under: 23 § 10-208(d) of this title (Conservation tillage equipment expenses); (1) 24 (2) § 10-208(i) of this title (Reforestation or timber stand expenses); 25 (3) § 10-208(k) of this title (Wage expenses for targeted jobs); § 10-208(m) of this title (Poultry or livestock manure spreading 26 (4) 27 equipment); [and] 28 (5) § 10-208(p) of this title (Elevator handrails in health care facilities); 29 AND § 10-208(Q) OF THIS TITLE (ELIGIBLE EMPLOYEE TELEWORKING 30 (6)31 EXPENSES). 32 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
- 33 July 1, 2005, and shall be applicable to all taxable years beginning after December 31,
- 34 2005, but before January 1, 2009. It shall remain effective for a period of 4 years and,

- 1 at the end of June 30, 2009, with no further action required by the General Assembly,2 this Act shall be abrogated and of no further force and effect.