UNOFFICIAL COPY OF HOUSE BILL 50 Q3 6lr1002 HB 1400/05 - W&M (PRE-FILED) By: Delegate Goodwin Requested: November 4, 2005 Introduced and read first time: January 11, 2006 Assigned to: Ways and Means 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 State income tax for certain expenses incurred for certain security devices and 4 5 certain security guard services under certain circumstances; limiting to a certain amount the total amount of credits a business entity may claim in any 6 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 other taxable year; defining certain terms; providing for the application of this 9 Act; and generally relating to a tax credit against the State income tax for 10 certain expenses incurred for certain security devices and certain security guard 11 12 services. 13 BY adding to Article - Tax - General 14 15 Section 10-726 16 Annotated Code of Maryland 17 (2004 Replacement Volume and 2005 Supplement) 18 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF 19 MARYLAND, That the Laws of Maryland read as follows: Article - Tax - General 20 21 10-726. IN THIS SECTION THE FOLLOWING WORDS HAVE THE MEANINGS 22 (A) (1) 23 INDICATED.

"BUSINESS ENTITY" MEANS:

A PERSON CONDUCTING OR OPERATING A TRADE OR

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26 BUSINESS; OR

(2)

(I)

1.

- 1 AN ORGANIZATION THAT IS EXEMPT FROM TAXATION 2 UNDER § 501(C)(3) OR (4) OF THE INTERNAL REVENUE CODE. 3 "BUSINESS ENTITY" INCLUDES A PERSON CONDUCTING A 4 BUSINESS THAT MANAGES OR OPERATES COMMERCIAL RENTAL PROPERTY OR 5 RESIDENTIAL MULTIFAMILY RENTAL PROPERTY. "LICENSED SECURITY GUARD AGENCY" MEANS A PERSON THAT IS 6 (3) 7 LICENSED BY THE SECRETARY OF STATE POLICE TO CONDUCT A BUSINESS THAT 8 PROVIDES SECURITY GUARD SERVICES. "QUALIFIED PREMISES" MEANS A BUILDING OR HOUSING 9 (4) 10 DEVELOPMENT IDENTIFIED BY FEDERAL OR STATE HOMELAND SECURITY 11 OFFICIALS AS A TARGET OF OPPORTUNITY FOR ACTIVITIES THAT THREATEN THE 12 HEALTH AND SAFETY OF THE PUBLIC. "SECURITY DEVICE" INCLUDES ACCESS CONTROL SYSTEMS AND 13 14 EQUIPMENT, BARRIER FENCING, BULLET-PROOF GLASS, COMMERCIAL LOCKING 15 DEVICES, DETERRENT LANDSCAPING AND LIGHTING, AND SURVEILLANCE 16 EQUIPMENT. "SECURITY GUARD SERVICES" INCLUDES ANY ACTIVITY THAT IS 17 18 PERFORMED BY A LICENSED SECURITY GUARD AGENCY TO PROTECT ANY 19 INDIVIDUAL OR PROPERTY ON BEHALF OF A BUSINESS ENTITY. 20 SUBJECT TO PARAGRAPH (2) OF THIS SUBSECTION, A BUSINESS (B) (I) 21 ENTITY MAY CLAIM A CREDIT AGAINST THE STATE INCOME TAX FOR THE TAXABLE 22 YEAR IN WHICH SECURITY DEVICES ARE PURCHASED AND INSTALLED AND IN 23 WHICH SECURITY GUARD SERVICES ARE PROVIDED IN ORDER TO SECURE A 24 QUALIFIED PREMISES OWNED OR OPERATED BY THE BUSINESS ENTITY. 25 A BUSINESS ENTITY THAT IS EXEMPT FROM TAXATION UNDER § (II)26 501(C)(3) OR (4) OF THE INTERNAL REVENUE CODE MAY CLAIM A CREDIT AGAINST 27 THE STATE INCOME TAX DUE ON UNRELATED BUSINESS INCOME AS PROVIDED 28 UNDER §§ 10-304 AND 10-812 OF THIS TITLE.
- 29 (2) (I) EXCEPT AS OTHERWISE PROVIDED IN THIS PARAGRAPH, THE 30 AMOUNT OF THE CREDIT ALLOWED UNDER THIS SECTION EQUALS THE SUM OF:

32 YEAR FOR THE PURCHASE AND INSTALLATION OF A SECURITY DEVICE INSTALLED

- 31 1. 75% OF THE EXPENSES INCURRED DURING THE TAXABLE
- 33 ON A QUALIFIED PREMISES AFTER JUNE 30, 2006; AND
- 2. 10% OF THE FEES PAID DURING THE TAXABLE YEAR TO A
- 35 LICENSED SECURITY GUARD AGENCY THAT IS HIRED AFTER JUNE 30, 2006 TO
- 36 PROVIDE SECURITY GUARD SERVICES FOR A QUALIFIED PREMISES.
- 37 (II) THE AMOUNT OF THE CREDIT ALLOWED UNDER THIS SECTION 38 MAY NOT EXCEED \$100,000 FOR A BUSINESS ENTITY IN ANY CALENDAR YEAR.

- 1 (C) (1) THE CREDIT ALLOWED UNDER THIS SECTION MAY NOT EXCEED THE 2 STATE INCOME TAX IMPOSED FOR THE TAXABLE YEAR.
- 3 (2) THE UNUSED AMOUNT OF THE CREDIT FOR ANY TAXABLE YEAR MAY 4 NOT BE CARRIED OVER TO ANY OTHER TAXABLE YEAR.
- 5 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
- 6 July 1, 2006, and shall be applicable to all taxable years after December 31, 2005.