

(PRE-FILED)

By: ~~Delegate Goodwin~~ Delegates Goodwin, Bartlett, Boschert, Bozman, Brown, Cardin, Cryor, C. Davis, Elmore, Gilleland, Gordon, Healey, Heller, Hixson, Howard, Kaiser, King, Marriott, McKee, Myers, Patterson, Ramirez, and Ross

Requested: November 4, 2005
Introduced and read first time: January 11, 2006
Assigned to: Ways and Means

Committee Report: Favorable with amendments
House action: Adopted
Read second time: March 22, 2006

CHAPTER _____

1 AN ACT concerning

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

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

16 BY adding to
17 Article - Tax - General
18 Section 10-726
19 Annotated Code of Maryland
20 (2004 Replacement Volume and 2005 Supplement)

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

1 **Article - Tax - General**

2 10-726.

3 (A) (1) IN THIS SECTION THE FOLLOWING WORDS HAVE THE MEANINGS
4 INDICATED.

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

6 1. A PERSON CONDUCTING OR OPERATING A TRADE OR
7 BUSINESS; OR

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

10 (II) "BUSINESS ENTITY" INCLUDES A PERSON CONDUCTING A
11 BUSINESS THAT ~~MANAGES OR OPERATES COMMERCIAL OWNS, MANAGES, OPERATES,~~
12 ~~OR IS A LESSEE OF COMMERCIAL RETAIL RENTAL PROPERTY OR RESIDENTIAL~~
13 ~~MULTIFAMILY RENTAL PROPERTY.~~

14 ~~(3) "LICENSED SECURITY GUARD AGENCY" MEANS A PERSON THAT IS~~
15 ~~LICENSED BY THE SECRETARY OF STATE POLICE TO CONDUCT A BUSINESS THAT~~
16 ~~PROVIDES SECURITY GUARD SERVICES.~~

17 ~~(4)(3) "QUALIFIED PREMISES" MEANS A BUILDING OR HOUSING~~
18 ~~DEVELOPMENT IDENTIFIED BY FEDERAL OR STATE HOMELAND SECURITY~~
19 ~~OFFICIALS AS A TARGET OF OPPORTUNITY FOR ACTIVITIES THAT THREATEN THE~~
20 ~~HEALTH AND SAFETY OF THE PUBLIC THAT IS AN ELIGIBLE FACILITY UNDER~~
21 ~~REGULATIONS ADOPTED BY THE DIRECTOR OF THE MARYLAND EMERGENCY~~
22 ~~MANAGEMENT AGENCY.~~

23 ~~(5)(4) "SECURITY DEVICE" INCLUDES ACCESS CONTROL SYSTEMS AND~~
24 ~~EQUIPMENT, BARRIER FENCING, BULLET-PROOF GLASS, COMMERCIAL LOCKING~~
25 ~~DEVICES, DETERRENT LANDSCAPING AND LIGHTING, AND SURVEILLANCE~~
26 ~~EQUIPMENT.~~

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

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

35 (II) A BUSINESS ENTITY THAT IS EXEMPT FROM TAXATION UNDER §
36 501(C)(3) OR (4) OF THE INTERNAL REVENUE CODE MAY CLAIM A CREDIT AGAINST
37 THE STATE INCOME TAX DUE ON UNRELATED BUSINESS INCOME AS PROVIDED
38 UNDER §§ 10-304 AND 10-812 OF THIS TITLE.

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

3 ~~1. 75%~~ 50% OF THE EXPENSES INCURRED DURING THE
4 TAXABLE YEAR FOR THE PURCHASE AND INSTALLATION OF A SECURITY DEVICE
5 INSTALLED ON A QUALIFIED PREMISES AFTER JUNE 30, 2006; ~~AND~~

6 ~~2. 10% OF THE FEES PAID DURING THE TAXABLE YEAR TO A~~
7 ~~LICENSED SECURITY GUARD AGENCY THAT IS HIRED AFTER JUNE 30, 2006 TO~~
8 ~~PROVIDE SECURITY GUARD SERVICES FOR A QUALIFIED PREMISES , BUT BEFORE~~
9 JULY 1, 2009.

10 (II) THE CREDIT ALLOWED UNDER THIS SECTION MAY NOT
11 INCLUDE ANY AMOUNT EXPENDED ON SECURITY DEVICES IN ORDER TO MEET ANY
12 APPLICABLE STATE OR LOCAL MINIMUM SECURITY STANDARD OR ORDINANCE.

13 ~~(H)-(III)~~ THE AMOUNT OF THE CREDIT ALLOWED UNDER THIS
14 SECTION MAY NOT EXCEED ~~\$100,000~~ \$10,000 FOR A BUSINESS ENTITY IN ANY
15 CALENDAR TAXABLE YEAR.

16 (3) (I) THE TOTAL CREDITS ALLOWED UNDER THIS SECTION FOR ALL
17 BUSINESS ENTITIES IN ANY TAXABLE YEAR MAY NOT EXCEED \$150,000.

18 (II) THE DIRECTOR OF THE MARYLAND EMERGENCY MANAGEMENT
19 AGENCY SHALL ADOPT REGULATIONS TO IMPLEMENT THE LIMITATION UNDER
20 SUBPARAGRAPH (I) OF THIS PARAGRAPH.

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

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

25 (D) THE DIRECTOR OF THE MARYLAND EMERGENCY MANAGEMENT AGENCY
26 SHALL ADOPT REGULATIONS TO IMPLEMENT THIS SECTION, INCLUDING
27 ELIGIBILITY CRITERIA FOR FACILITIES AND EXPENSES TO QUALIFY FOR THE TAX
28 CREDIT UNDER THIS SECTION.

29 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
30 July 1, 2006, and shall be applicable to all taxable years after December 31, 2005.

