

HOUSE BILL 1135

Q3
HB 50/06 – W&M

71r2612

By: **Delegates Stukes and Ross**

Introduced and read first time: February 16, 2007

Assigned to: Rules and Executive Nominations

A BILL ENTITLED

1 AN ACT concerning

2 **Income Tax – Credit for Security Expenses**

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

15 BY adding to

16 Article – Tax – General

17 Section 10–726

18 Annotated Code of Maryland

19 (2004 Replacement Volume and 2006 Supplement)

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**

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 **10-726.**

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

4 (2) (I) “BUSINESS ENTITY” MEANS:

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

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

9 (II) “BUSINESS ENTITY” INCLUDES A PERSON CONDUCTING
10 A BUSINESS THAT OWNS, MANAGES, OPERATES, OR IS A LESSEE OF COMMERCIAL
11 RETAIL RENTAL PROPERTY OR RESIDENTIAL MULTIFAMILY RENTAL PROPERTY.

12 (3) “QUALIFIED PREMISES” MEANS A BUILDING OR HOUSING
13 DEVELOPMENT THAT IS AN ELIGIBLE FACILITY UNDER REGULATIONS ADOPTED
14 BY THE DIRECTOR OF THE MARYLAND EMERGENCY MANAGEMENT AGENCY.

15 (4) “SECURITY DEVICE” INCLUDES ACCESS CONTROL SYSTEMS
16 AND EQUIPMENT, BARRIER FENCING, BULLET-PROOF GLASS, COMMERCIAL
17 LOCKING DEVICES, DETERRENT LANDSCAPING AND LIGHTING, AND
18 SURVEILLANCE EQUIPMENT.

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

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

28 (2) (I) EXCEPT AS OTHERWISE PROVIDED IN THIS PARAGRAPH,
29 THE AMOUNT OF THE CREDIT ALLOWED UNDER THIS SECTION EQUALS 50% OF

1 THE EXPENSES INCURRED DURING THE TAXABLE YEAR FOR THE PURCHASE AND
2 INSTALLATION OF A SECURITY DEVICE INSTALLED ON A QUALIFIED PREMISES
3 AFTER JUNE 30, 2007, BUT BEFORE JULY 1, 2010.

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

8 (III) THE AMOUNT OF THE CREDIT ALLOWED UNDER THIS
9 SECTION MAY NOT EXCEED \$10,000 FOR A BUSINESS ENTITY IN ANY TAXABLE
10 YEAR.

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

13 (II) THE DIRECTOR OF THE MARYLAND EMERGENCY
14 MANAGEMENT AGENCY SHALL ADOPT REGULATIONS TO IMPLEMENT THE
15 LIMITATION UNDER SUBPARAGRAPH (I) OF THIS PARAGRAPH.

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

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

20 (D) THE DIRECTOR OF THE MARYLAND EMERGENCY MANAGEMENT
21 AGENCY SHALL ADOPT REGULATIONS TO IMPLEMENT THIS SECTION,
22 INCLUDING ELIGIBILITY CRITERIA FOR FACILITIES AND EXPENSES TO QUALIFY
23 FOR THE TAX CREDIT UNDER THIS SECTION.

24 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
25 July 1, 2007, and shall be applicable to all taxable years after December 31, 2006.