

SENATE BILL 67

Q3
SB 8/06 – B&T

7lr1417

By: **Senator Klausmeier**
Introduced and read first time: January 19, 2007
Assigned to: Budget and Taxation

A BILL ENTITLED

1 AN ACT concerning

2 **Income Tax – Credit for Smoking Prohibition on the Premises of Business**
3 **Establishments**

4 FOR the purpose of providing for certain credits against the State income tax for
5 prohibiting smoking on the premises of certain business establishments;
6 limiting the credit to a certain amount; providing for the issuance of certain
7 eligibility certificates by the board of license commissioners; requiring a
8 taxpayer claiming the credit to obtain and file with the income tax return a
9 certain eligibility certificate; providing for revocation of a certain eligibility
10 certificate and the recapture of the credit under certain circumstances; defining
11 a certain term; providing for the application of this Act; and generally relating
12 to a credit against the State income tax for prohibiting smoking on the premises
13 of certain business establishments.

14 BY adding to
15 Article – Tax – General
16 Section 10–726
17 Annotated Code of Maryland
18 (2004 Replacement Volume and 2006 Supplement)

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

21 **Article – Tax – General**

22 **10–726.**

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 (A) IN THIS SECTION, "BOARD" MEANS THE BOARD OF LICENSE
2 COMMISSIONERS OF A COUNTY OR THE ALCOHOLIC BEVERAGE CONTROL
3 BOARD OF THE CITY OF ANNAPOLIS.

4 (B) (1) SUBJECT TO THE LIMITATIONS OF THIS SECTION, AN
5 INDIVIDUAL OR A CORPORATION MAY CLAIM A CREDIT AGAINST THE STATE
6 INCOME TAX AS PROVIDED UNDER THIS SECTION IF:

7 (I) THE INDIVIDUAL OR CORPORATION VOLUNTARILY
8 PROHIBITS SMOKING ON THE PREMISES OF A BUSINESS ESTABLISHMENT IN THE
9 STATE THAT IS OWNED OR OPERATED BY THE INDIVIDUAL OR CORPORATION;
10 AND

11 (II) SMOKING ON THE PREMISES OF THE BUSINESS
12 ESTABLISHMENT IS ALLOWED UNDER THE LAWS OF THE STATE AND THE
13 POLITICAL SUBDIVISION IN WHICH THE BUSINESS ESTABLISHMENT IS LOCATED.

14 (2) AN INDIVIDUAL OR CORPORATION THAT VOLUNTARILY
15 PROHIBITS SMOKING ON THE PREMISES OF A BUSINESS ESTABLISHMENT IN THE
16 STATE BEFORE JULY 1, 2007, AS PROVIDED UNDER THIS SECTION, MAY CLAIM
17 THE CREDIT ALLOWED UNDER THIS SECTION IF THE INDIVIDUAL OR
18 CORPORATION CONTINUES TO PROHIBIT SMOKING ON THE PREMISES OF THE
19 BUSINESS ESTABLISHMENT ON AND AFTER JULY 1, 2007.

20 (C) FOR ANY TAXABLE YEAR, THE CREDIT ALLOWED UNDER THIS
21 SECTION EQUALS THE LESSER OF:

22 (1) 15% OF THE STATE INCOME TAX FOR THAT TAXABLE YEAR,
23 CALCULATED BEFORE APPLICATION OF THE CREDIT UNDER THIS SECTION AND
24 §§ 10-701 AND 10-701.1 OF THIS SUBTITLE, BUT AFTER APPLICATION OF THE
25 OTHER CREDITS ALLOWABLE UNDER THIS SUBTITLE; OR

26 (2) \$5,000.

27 (D) (1) ON APPLICATION BY AN INDIVIDUAL OR CORPORATION
28 CLAIMING THE CREDIT UNDER THIS SECTION, THE BOARD OF THE
29 JURISDICTION WHERE A BUSINESS ESTABLISHMENT IS LOCATED SHALL ISSUE
30 AN ELIGIBILITY CERTIFICATE IF THE INDIVIDUAL OR CORPORATION

1 DEMONSTRATES THAT SMOKING HAS BEEN PROHIBITED ON THE PREMISES OF
2 THE BUSINESS ESTABLISHMENT OWNED OR OPERATED BY THE INDIVIDUAL OR
3 CORPORATION.

4 (2) TO CLAIM THE CREDIT ALLOWED UNDER THIS SECTION, AN
5 INDIVIDUAL OR CORPORATION SHALL ATTACH A COPY OF THE ELIGIBILITY
6 CERTIFICATE ISSUED UNDER PARAGRAPH (1) OF THIS SUBSECTION TO THE
7 STATE INCOME TAX RETURN.

8 (E) (1) THE BOARD MAY REVOKE AN ELIGIBILITY CERTIFICATE
9 ISSUED UNDER SUBSECTION (D) OF THIS SECTION IF, WITHIN 2 YEARS FROM
10 THE CLOSE OF THE TAXABLE YEAR IN WHICH THE CREDIT IS CLAIMED, THE
11 BOARD DETERMINES THAT THE INDIVIDUAL OR CORPORATION VIOLATED THE
12 SMOKING PROHIBITION THAT GAVE RISE TO THE CREDIT.

13 (2) SUBJECT TO PARAGRAPH (3) OF THIS SUBSECTION, THE
14 BOARD SHALL NOTIFY THE COMPTROLLER OF A REVOCATION UNDER
15 PARAGRAPH (1) OF THIS SUBSECTION AND SHALL NOTIFY THE INDIVIDUAL OR
16 CORPORATION THAT CLAIMED THE CREDIT OF THE REVOCATION.

17 (3) THE INDIVIDUAL OR CORPORATION SHALL HAVE AN
18 OPPORTUNITY TO APPEAL THE DETERMINATION OF THE BOARD PRIOR TO
19 NOTIFICATION OF THE COMPTROLLER.

20 (4) IF THE BOARD REVOKES ITS ELIGIBILITY CERTIFICATE
21 UNDER PARAGRAPH (1) OF THIS SUBSECTION, THE COMPTROLLER SHALL MAKE
22 AN ASSESSMENT AGAINST THE INDIVIDUAL OR CORPORATION TO RECAPTURE
23 200% OF THE AMOUNT OF THE TAX CREDIT THE INDIVIDUAL OR CORPORATION
24 CLAIMED UNDER THIS SECTION.

25 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
26 July 1, 2007, and shall be applicable to all taxable years beginning after December 31,
27 2006.