

SENATE BILL 173

Q3

8lr1381

By: **Senators Astle, Brinkley, and Robey**
Introduced and read first time: January 18, 2008
Assigned to: Budget and Taxation

A BILL ENTITLED

1 AN ACT concerning

2 **Income Tax – Credit for Installation of Fire Suppression Systems**

3 FOR the purpose of allowing a credit against the State income tax for certain costs of
4 certain fire suppression systems; providing that the credit may not exceed the
5 State income tax for that taxable year and that any unused credit may be
6 carried over to another taxable year; allowing certain taxpayers to claim a
7 refund of the credit; defining certain terms; providing for the application of this
8 Act; and generally relating to a State income tax credit for certain fire
9 suppression systems.

10 BY adding to

11 Article – Tax – General

12 Section 10–726

13 Annotated Code of Maryland

14 (2004 Replacement Volume and 2007 Supplement)

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

17 **Article – Tax – General**

18 **10–726.**

19 (A) (1) IN THIS SECTION THE FOLLOWING WORDS HAVE THE
20 MEANINGS INDICATED.

21 (2) “ELIGIBLE FIRE SUPPRESSION SYSTEM” MEANS A SYSTEM
22 THAT IS CAPABLE OF:

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 (I) LIMITING THE SPREAD OF A FIRE UNTIL FIRE
2 DEPARTMENT PERSONNEL CAN RESPOND; AND

3 (II) NOTIFYING A MONITORING SERVICE WHEN THE SYSTEM
4 IS ACTIVATED.

5 (3) "ELIGIBLE STRUCTURE" MEANS A STRUCTURE OWNED BY THE
6 TAXPAYER AND LOCATED IN A HISTORIC DISTRICT LISTED ON THE NATIONAL
7 REGISTER OF HISTORIC PLACES.

8 (4) "FIRE OFFICIAL" MEANS:

9 (I) A COUNTY FIRE CHIEF; OR

10 (II) A CHIEF OF A FIRE DEPARTMENT OF A MUNICIPAL
11 CORPORATION OF THE STATE.

12 (B) (1) EXCEPT AS OTHERWISE PROVIDED IN THIS SECTION, AN
13 INDIVIDUAL OR A CORPORATION MAY CLAIM A TAX CREDIT IN AN AMOUNT
14 EQUAL TO 75% OF THE COSTS INCURRED BY THE INDIVIDUAL OR CORPORATION
15 FOR THE PURCHASE AND INSTALLATION OF AN ELIGIBLE FIRE SUPPRESSION
16 SYSTEM IN AN ELIGIBLE STRUCTURE, IF THE ELIGIBLE FIRE SUPPRESSION
17 SYSTEM IS APPROVED BY A FIRE OFFICIAL, AFTER GIVING THE HISTORIC
18 PRESERVATION OFFICER THE OPPORTUNITY TO REVIEW AND COMMENT ON THE
19 PLAN.

20 (2) AN ORGANIZATION THAT IS EXEMPT FROM TAXATION UNDER §
21 501(C)(3) OR (4) OF THE INTERNAL REVENUE CODE MAY APPLY THE CREDIT
22 UNDER THIS SECTION AGAINST STATE INCOME TAX DUE ON UNRELATED
23 BUSINESS TAXABLE INCOME OR MAY FILE A RETURN TO CLAIM A REFUND OF
24 THE CREDIT UNDER THIS SECTION.

25 (C) (1) FOR ANY TAXABLE YEAR, THE CREDIT ALLOWED UNDER THIS
26 SECTION MAY NOT EXCEED THE LESSER OF:

27 (I) \$5,000; OR

28 (II) THE STATE INCOME TAX IMPOSED FOR THE TAXABLE
29 YEAR.

30 (2) IF THE CREDIT OTHERWISE ALLOWABLE UNDER SUBSECTION
31 (B) OF THIS SECTION EXCEEDS THE LIMIT UNDER PARAGRAPH (1) OF THIS
32 SUBSECTION, AN INDIVIDUAL MAY APPLY THE EXCESS AS A CREDIT AGAINST

1 THE STATE INCOME TAX FOR SUCCEEDING TAXABLE YEARS UNTIL THE FULL
2 AMOUNT OF THE EXCESS IS USED.

3 (3) FOR EACH TAXABLE YEAR, THE AMOUNT CARRIED FORWARD
4 TO THE TAXABLE YEAR UNDER PARAGRAPH (2) OF THIS SUBSECTION MAY NOT
5 EXCEED THE LIMIT UNDER PARAGRAPH (1) OF THIS SUBSECTION.

6 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
7 July 1, 2008, and shall be applicable to all taxable years beginning after December 31,
8 2007.