

# SENATE BILL 173

Q3

8lr1381

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

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Committee Report: Favorable with amendments  
Senate action: Adopted  
Read second time: March 13, 2008

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## CHAPTER \_\_\_\_\_

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.

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EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.

Underlining indicates amendments to bill.

~~Strike-out~~ indicates matter stricken from the bill by amendment or deleted from the law by amendment.



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

3                   ~~(I) LIMITING THE SPREAD OF A FIRE UNTIL FIRE~~  
4 ~~DEPARTMENT PERSONNEL CAN RESPOND; AND~~

5                   ~~(II) NOTIFYING A MONITORING SERVICE WHEN THE SYSTEM~~  
6 ~~IS ACTIVATED~~ INSTALLED AND MAINTAINED IN ACCORDANCE WITH NATIONAL  
7 FIRE PROTECTION ASSOCIATION STANDARD 13, 13D, OR 13R, INSTALLATION  
8 OF SPRINKLER SYSTEMS, AS REFERENCED BY THE STATE OF MARYLAND FIRE  
9 PREVENTION CODE OR THE LOCAL FIRE PREVENTION CODE.

10           (3) “ELIGIBLE STRUCTURE” MEANS A STRUCTURE OWNED BY THE  
11 TAXPAYER AND ~~LOCATED IN A HISTORIC DISTRICT LISTED ON THE NATIONAL~~  
12 ~~REGISTER OF HISTORIC PLACES~~ LISTED BY THE UNITED STATES DEPARTMENT  
13 OF THE INTERIOR AS A NATIONAL HISTORIC LANDMARK.

14           (4) “FIRE OFFICIAL” MEANS:

15                   (I) ~~A COUNTY FIRE CHIEF~~ LOCAL AUTHORITY WITH  
16 JURISDICTION OVER THE ENFORCEMENT OF FIRE AND BUILDING CODES; OR

17                   (II) A CHIEF OF A FIRE DEPARTMENT OF A MUNICIPAL  
18 CORPORATION OF THE STATE.

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

27                   (2) AN ORGANIZATION THAT IS EXEMPT FROM TAXATION UNDER §  
28 501(C)(3) OR (4) OF THE INTERNAL REVENUE CODE MAY APPLY THE CREDIT  
29 UNDER THIS SECTION AGAINST STATE INCOME TAX DUE ON UNRELATED  
30 BUSINESS TAXABLE INCOME OR MAY FILE A RETURN TO CLAIM A REFUND OF  
31 THE CREDIT UNDER THIS SECTION.

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

34                   (I) \$5,000; OR

1                   **(II) THE STATE INCOME TAX IMPOSED FOR THE TAXABLE**  
2 **YEAR.**

3                   **(2) IF THE CREDIT OTHERWISE ALLOWABLE UNDER SUBSECTION**  
4 **(B) OF THIS SECTION EXCEEDS THE LIMIT UNDER PARAGRAPH (1) OF THIS**  
5 **SUBSECTION, AN INDIVIDUAL MAY APPLY THE EXCESS AS A CREDIT AGAINST**  
6 **THE STATE INCOME TAX FOR SUCCEEDING TAXABLE YEARS UNTIL THE FULL**  
7 **AMOUNT OF THE EXCESS IS USED.**

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

11                   SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect  
12 July 1, 2008, and shall be applicable to all taxable years beginning after December 31,  
13 2007.

Approved:

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Governor.

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President of the Senate.

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Speaker of the House of Delegates.