

# SENATE BILL 975

Q3  
SB 395/07 – B&T

8lr3442

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By: **Senator Pinsky**  
Introduced and read first time: March 3, 2008  
Assigned to: Rules

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## A BILL ENTITLED

1 AN ACT concerning

2 **Income Tax – Corporations – Denial of Deduction for Excessive**  
3 **Compensation of Officers and Directors**

4 FOR the purpose of providing an addition modification under the State corporate  
5 income tax for certain compensation by a corporation of its officers and  
6 directors; and providing for the application of this Act.

7 BY repealing and reenacting, without amendments,  
8 Article – Tax – General  
9 Section 10–305(a)  
10 Annotated Code of Maryland  
11 (2004 Replacement Volume and 2007 Supplement)

12 BY adding to  
13 Article – Tax – General  
14 Section 10–305(e)  
15 Annotated Code of Maryland  
16 (2004 Replacement Volume and 2007 Supplement)

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

19 **Article – Tax – General**

20 10–305.

21 (a) To the extent excluded from federal taxable income, the amounts under  
22 this section are added to the federal taxable income of a corporation to determine  
23 Maryland modified income.

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EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.  
[Brackets] indicate matter deleted from existing law.



1           **(E) THE ADDITION UNDER SUBSECTION (A) OF THIS SECTION INCLUDES**  
2 **THE AMOUNT OF SALARY, WAGES, OR OTHER COMPENSATION FOR PERSONAL**  
3 **SERVICES PAID OR INCURRED BY A CORPORATION TO AN OFFICER OR DIRECTOR**  
4 **OF THE CORPORATION IN EXCESS OF 25 TIMES THE ANNUAL SALARY, WAGES, OR**  
5 **OTHER COMPENSATION FOR PERSONAL SERVICES OF THE LOWEST-PAID**  
6 **FULL-TIME EMPLOYEE OF THE CORPORATION.**

7           SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect  
8 July 1, 2008, and shall be applicable to all taxable years beginning after December 31,  
9 2007.