

HOUSE BILL 211

Q3

9lr1247

By: **Delegates Frick, Barve, Cardin, Doory, Feldman, Gilchrist, Hixson, Ivey, Kaiser, Murphy, Olszewski, Rice, Ross, Stukes, F. Turner, and Walker**

Introduced and read first time: January 28, 2009

Assigned to: Ways and Means

A BILL ENTITLED

1 AN ACT concerning

2 **Income Tax – Banks – Treatment of Losses on Loans and Bad Debts After**
3 **Change of Ownership**

4 FOR the purpose of requiring certain addition or subtraction modifications to federal
5 adjusted gross income of an individual or federal taxable income of a corporation
6 under the Maryland income tax to reflect the treatment of certain items of
7 deduction or loss allowed to a bank after an ownership change without regard to
8 a certain notice issued by the Internal Revenue Service; providing for the
9 application of this Act; and generally relating to certain modifications under the
10 Maryland income tax relating to the treatment of certain items of deduction or
11 loss allowed to a bank under certain circumstances.

12 BY repealing and reenacting, with amendments,
13 Article – Tax – General
14 Section 10–210.1(b)
15 Annotated Code of Maryland
16 (2004 Replacement Volume and 2008 Supplement)

17 BY repealing and reenacting, without amendments,
18 Article – Tax – General
19 Section 10–310
20 Annotated Code of Maryland
21 (2004 Replacement Volume and 2008 Supplement)

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

24 **Article – Tax – General**

25 10–210.1.

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 (b) In addition to the modifications under §§ 10–204 through 10–210 of this
2 subtitle, to determine Maryland adjusted gross income of an individual:

3 (1) an amount is added to or subtracted from federal adjusted gross
4 income to reflect the determination of the depreciation deduction provided under §
5 167(a) of the Internal Revenue Code and the adjusted basis of property without regard
6 to the additional allowance under § 168(k) of the Internal Revenue Code;

7 (2) an amount is added to or subtracted from federal adjusted gross
8 income to determine the net operating loss deduction allowed under § 172 of the
9 Internal Revenue Code without regard to the special 5–year carryback period provided
10 under § 172(b)(1)(H) of the Internal Revenue Code;

11 (3) an amount is added to or subtracted from federal adjusted gross
12 income to reflect the determination of the maximum aggregate costs that the taxpayer
13 may treat as an expense under § 179 of the Internal Revenue Code for any taxable
14 year without regard to any changes made to that section after December 31, 2002:

15 (i) increasing above \$25,000 the dollar limitation set forth in §
16 179(b)(1) of the Internal Revenue Code; or

17 (ii) increasing above \$200,000 the phase–out threshold set forth
18 in § 179(b)(2) of the Internal Revenue Code; [and]

19 (4) an amount is added to or subtracted from federal adjusted gross
20 income to reflect the determination of the depreciation deduction with respect to any
21 heavy duty SUV as if the heavy duty SUV were subject to the limitations of § 280F of
22 the Internal Revenue Code in the same manner as it would be if the vehicle were rated
23 at 6,000 pounds gross vehicle weight or less; **AND**

24 **(5) AN AMOUNT IS ADDED TO OR SUBTRACTED FROM FEDERAL**
25 **ADJUSTED GROSS INCOME TO REFLECT THE TREATMENT OF ITEMS OF**
26 **DEDUCTION OR LOSS WITH RESPECT TO LOSSES ON LOANS OR BAD DEBTS**
27 **ALLOWED TO A BANK AFTER AN OWNERSHIP CHANGE WITHOUT REGARD TO**
28 **NOTICE 2008–83 ISSUED BY THE INTERNAL REVENUE SERVICE ON OCTOBER**
29 **20, 2008.**

30 10–310.

31 In addition to the modifications under §§ 10–305 through 10–309 of this
32 subtitle, to determine Maryland modified income the federal taxable income of a
33 corporation shall be adjusted as provided for an individual under § 10–210.1 of this
34 title.

1 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
2 July 1, 2009, and shall be applicable to any taxable year to which Notice 2008–83
3 issued by the Internal Revenue Service on October 20, 2008, is applicable.