

SENATE BILL 14

Q3

3lr3553

By: **Senator Pipkin**

Introduced and read first time: August 9, 2012

Assigned to: Rules

A BILL ENTITLED

1 AN ACT concerning

2 **Corporate Income Tax – Foreign and Domestic Corporations – Capital**
3 **Investments**

4 FOR the purpose of altering the Maryland corporate income tax rate for certain
5 taxable years for foreign and domestic corporations that make certain
6 investments in the State; requiring certain corporations to disclose certain
7 information to the Comptroller; requiring the Comptroller to adopt certain
8 regulations; providing for the application of this Act; and generally relating to
9 the Maryland corporate income tax.

10 BY repealing and reenacting, without amendments,
11 Article – Corporations and Associations
12 Section 1–101(n) and (p) and 7–203(a) and (b)
13 Annotated Code of Maryland
14 (2007 Replacement Volume and 2011 Supplement)

15 BY repealing, and reenacting, with amendments,
16 Article – Tax – General
17 Section 10–105(b)
18 Annotated Code of Maryland
19 (2010 Replacement Volume and 2011 Supplement)

20 BY adding to
21 Article – Tax – General
22 Section 10–105.1
23 Annotated Code of Maryland
24 (2010 Replacement Volume and 2011 Supplement)

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

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 **Article – Corporations and Associations**

2 1–101.

3 (n) “Foreign corporation” means a corporation, association, or joint–stock
4 company organized under the laws of the United States, another state of the United
5 States, a territory, possession, or district of the United States, or a foreign country.

6 (p) “Maryland corporation” means a corporation organized and existing
7 under the laws of the State.

8 7–203.

9 (a) Before doing any intrastate business in this State, a foreign corporation
10 shall qualify with the Department.

11 (b) To qualify, the corporation shall:

12 (1) Certify to the Department:

13 (i) The address of the corporation; and

14 (ii) The name and address of its resident agent in this State;

15 and

16 (2) Provide proof acceptable to the Department of good standing in the
17 jurisdiction where it currently is organized.

18 **Article – Tax – General**

19 10–105.

20 (b) **[The] EXCEPT AS PROVIDED IN § 10–105.1 OF THIS SUBTITLE, THE**
21 **State income tax rate for a corporation is 8.25% of Maryland taxable income.**

22 **10–105.1.**

23 **(A) (1) THE STATE INCOME TAX RATE FOR A QUALIFIED FOREIGN**
24 **CORPORATION UNDER TITLE 7, SUBTITLE 2 OF THE CORPORATIONS AND**
25 **ASSOCIATIONS ARTICLE IS:**

26 **(I) SUBJECT TO THE REQUIREMENTS OF THIS SUBSECTION,**
27 **4.125% OF MARYLAND TAXABLE INCOME FOR THE FIRST 3 TAXABLE YEARS**
28 **FROM THE DATE THE CORPORATION:**

1 1. **OPENS A BRANCH OFFICE IN THE STATE LOCATED**
2 **IN A COUNTY WITH A POPULATION OF NOT MORE THAN 200,000;**

3 2. **MAKES A MINIMUM PRIVATE CAPITAL**
4 **INVESTMENT OF AT LEAST \$250,000 IN THE BRANCH OFFICE OR \$250,000 OF**
5 **IMPROVEMENTS ON THE PROPERTY WHERE THE BRANCH OFFICE IS LOCATED;**
6 **AND**

7 3. **GENERATES A MINIMUM OF 5 FULL-TIME**
8 **EQUIVALENT FILLED POSITIONS IN A 12-MONTH PERIOD OR REDUCES THE**
9 **COMMUTING DISTANCE TO LESS THAN 10 MILES FOR AT LEAST 5 FULL-TIME**
10 **EQUIVALENT EMPLOYEES; AND**

11 **(II) 8.25% OF MARYLAND TAXABLE INCOME FOR EACH**
12 **TAXABLE YEAR THEREAFTER.**

13 **(2) THE STATE INCOME TAX BENEFIT REALIZED BY A QUALIFIED**
14 **FOREIGN CORPORATION MAY NOT EXCEED THE AMOUNT OF THE CAPITAL**
15 **INVESTMENT MADE UNDER PARAGRAPH (1) OF THIS SUBSECTION.**

16 **(3) ON A FORM PROVIDED BY THE COMPTROLLER, THE**
17 **CORPORATION SHALL PROVIDE, WITH THE CORPORATION'S INCOME TAX**
18 **RETURN, EVIDENCE OF THE QUALIFYING CAPITAL INVESTMENT REQUIRED**
19 **UNDER PARAGRAPH (1) OF THIS SUBSECTION.**

20 **(B) (1) THE STATE INCOME TAX RATE FOR A MARYLAND**
21 **CORPORATION WITH ITS PRINCIPAL OFFICE LOCATED IN A COUNTY IN THE**
22 **STATE WITH A POPULATION OF MORE THAN 200,000 IS:**

23 **(I) SUBJECT TO THE REQUIREMENTS OF THIS SUBSECTION,**
24 **4.125% OF MARYLAND TAXABLE INCOME FOR THE FIRST 3 TAXABLE YEARS**
25 **FROM THE DATE THE CORPORATION:**

26 1. **OPENS A BRANCH OFFICE IN A COUNTY WITH A**
27 **POPULATION OF NOT MORE THAN 200,000;**

28 2. **MAKES A MINIMUM PRIVATE CAPITAL**
29 **INVESTMENT OF AT LEAST \$250,000 IN THE BRANCH OFFICE OR \$250,000 OF**
30 **IMPROVEMENTS ON THE PROPERTY WHERE THE BRANCH OFFICE IS LOCATED;**
31 **AND**

32 3. **GENERATES A MINIMUM OF 5 FULL-TIME**
33 **EQUIVALENT FILLED POSITIONS IN A 12-MONTH PERIOD OR REDUCES THE**

1 COMMUTING DISTANCE TO LESS THAN 10 MILES FOR AT LEAST 5 FULL-TIME
2 EQUIVALENT EMPLOYEES; AND

3 (II) 8.25% OF MARYLAND TAXABLE INCOME FOR EACH
4 TAXABLE YEAR THEREAFTER.

5 (2) THE STATE INCOME TAX BENEFIT REALIZED BY A MARYLAND
6 CORPORATION UNDER THIS SUBSECTION MAY NOT EXCEED THE AMOUNT OF
7 THE CAPITAL INVESTMENT MADE UNDER PARAGRAPH (1) OF THIS SUBSECTION.

8 (3) ON A FORM PROVIDED BY THE COMPTROLLER, THE
9 CORPORATION SHALL PROVIDE, WITH THE CORPORATION'S INCOME TAX
10 RETURN, EVIDENCE OF THE QUALIFYING CAPITAL INVESTMENT REQUIRED
11 UNDER PARAGRAPH (1) OF THIS SUBSECTION.

12 (C) THE COMPTROLLER SHALL ADOPT REGULATIONS TO CARRY OUT
13 THE PROVISIONS OF THIS SECTION.

14 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
15 July 1, 2013, and shall be applicable to all taxable years beginning after December 31,
16 2012.