

SENATE BILL 404

Q3, M4
SB 976/12 – B&T

3lr1794
CF HB 408

By: **Senators Middleton, Brinkley, Colburn, DeGrange, Dyson, Edwards,
Garagiola, Glassman, Jennings, Kasemeyer, King, Mathias,
Montgomery, Pinsky, Reilly, Shank, and Young**

Introduced and read first time: January 28, 2013

Assigned to: Budget and Taxation

A BILL ENTITLED

1 AN ACT concerning

2 **Income Tax – Subtraction Modification – Enhanced Agricultural**
3 **Management Equipment**

4 FOR the purpose of providing certain subtraction modifications under the Maryland
5 individual and corporate income tax for certain expenses incurred to buy and
6 install certain agricultural equipment under certain circumstances;
7 consolidating certain provisions of law that provide certain Maryland income
8 tax subtraction modifications for certain expenses incurred to buy and install
9 certain agricultural equipment under certain circumstances; providing for the
10 application of this Act; and generally relating to certain Maryland income tax
11 subtraction modifications for certain expenses incurred to buy and install
12 certain agricultural equipment under certain circumstances.

13 BY repealing and reenacting, with amendments,
14 Article – Tax – General
15 Section 10–208(d) and 10–308(b)
16 Annotated Code of Maryland
17 (2010 Replacement Volume and 2012 Supplement)

18 BY repealing
19 Article – Tax – General
20 Section 10–208(m)
21 Annotated Code of Maryland
22 (2010 Replacement Volume and 2012 Supplement)

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

25 **Article – Tax – General**

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 10-208.

2 (d) (1) In this subsection[, “conservation tillage equipment”]:

3 (i) **“ENHANCED AGRICULTURAL MANAGEMENT**
4 **EQUIPMENT”** means:

5 1. a planter or drill that:

6 A. is commonly known as a “no-till” planter or drill; and

7 B. is designed to minimize the disturbance of the soil in
8 planting crops;

9 2. liquid manure soil injection equipment that is
10 designed to inject manure into the soil to reduce nutrient runoff; [or]

11 3. a deep no-till ripper that does not invert the soil
12 profile and is used to address compaction in high residue cropping systems;

13 4. **POULTRY OR LIVESTOCK MANURE SPREADING**
14 **EQUIPMENT USED BY A FARM OWNER OR TENANT ON FARMLAND IN**
15 **ACCORDANCE WITH A NUTRIENT MANAGEMENT PLAN PREPARED BY AN**
16 **INDIVIDUAL LICENSED BY THE SECRETARY OF AGRICULTURE IN ACCORDANCE**
17 **WITH TITLE 8, SUBTITLE 8 OF THE AGRICULTURE ARTICLE IF THE MANURE**
18 **SPREADING EQUIPMENT IS USED:**

19 **A. TO SPREAD POULTRY MANURE AND BEDDING**
20 **FROM NORMAL POULTRY PRODUCTION WITH A CAPABILITY OF BEING**
21 **CALIBRATED TO 1 TON PER ACRE; OR**

22 **B. TO APPLY SOLID OR LIQUID LIVESTOCK WASTE;**

23 5. **VERTICAL TILLAGE EQUIPMENT USED TO**
24 **INCORPORATE LIVESTOCK MANURE OR POULTRY LITTER INTO THE SOIL;**

25 6. **A GLOBAL POSITIONING SYSTEM DEVICE USED**
26 **FOR MANAGEMENT OF AGRICULTURAL NUTRIENT APPLICATIONS; AND**

27 7. **AN INTEGRATED OPTICAL SENSING AND**
28 **NUTRIENT APPLICATION SYSTEM THAT MEASURES CROP STATUS AND APPLIES**
29 **THE CROP’S NITROGEN REQUIREMENTS AT VARIABLE RATES BASED ON**
30 **PREDICTED IN-SEASON YIELD POTENTIAL FOR THE CROP AND THE PREDICTED**
31 **RESPONSIVENESS OF THE CROP TO ADDITIONAL NITROGEN; and**

1 (ii) **“ENHANCED AGRICULTURAL MANAGEMENT**
2 **EQUIPMENT”** includes [a planter or drill or liquid manure soil injection] equipment
3 that attaches to or is pulled by equipment **LISTED IN ITEM (I) OF THIS PARAGRAPH.**

4 (2) [The] **EXCEPT AS PROVIDED IN PARAGRAPH (3) OF THIS**
5 **SUBSECTION, THE** subtraction under subsection (a) of this section includes 100% of
6 the expenses that a taxpayer incurs to buy and install [conservation tillage]
7 **ENHANCED AGRICULTURAL MANAGEMENT** equipment if:

8 (i) the equipment has a useful life of at least 4 years;

9 (ii) the taxpayer:

10 1. bought the equipment:

11 A. after December 31, 1985, if the equipment is a planter
12 or drill;

13 B. after December 31, 1989, if the equipment is liquid
14 manure soil injection equipment; [or]

15 C. **AFTER DECEMBER 31, 1997, IF THE EQUIPMENT**
16 **IS POULTRY OR LIVESTOCK MANURE SPREADING EQUIPMENT;**

17 [C.] D. after December 31, 2001, if the equipment is a
18 deep no-till ripper that does not invert the soil profile; **OR**

19 E. **AFTER DECEMBER 31, 2012, IF THE EQUIPMENT**
20 **IS A GLOBAL POSITIONING SYSTEM DEVICE USED FOR MANAGEMENT OF**
21 **AGRICULTURAL NUTRIENT APPLICATIONS OR AN INTEGRATED OPTICAL**
22 **SENSING AND NUTRIENT APPLICATION SYSTEM;**

23 2. owns the equipment for at least 3 years after the
24 taxable year in which the subtraction is made; and

25 3. uses the equipment in agricultural production; and

26 (iii) for liquid manure soil injection equipment, the equipment is:

27 1. used on land upon which farm products, as defined
28 under § 10–601 of the Agriculture Article, are raised; and

29 2. not used to inject sludge into the soil.

1 **(3) THE SUBTRACTION UNDER SUBSECTION (A) OF THIS SECTION**
2 **INCLUDES 50% OF THE EXPENSES THAT A TAXPAYER INCURS TO BUY AND**
3 **INSTALL ENHANCED AGRICULTURAL MANAGEMENT EQUIPMENT THAT IS**
4 **VERTICAL TILLAGE EQUIPMENT USED TO INCORPORATE LIVESTOCK MANURE**
5 **OR POULTRY LITTER INTO THE SOIL IF:**

6 **(I) THE EQUIPMENT HAS A USEFUL LIFE OF AT LEAST 4**
7 **YEARS; AND**

8 **(II) THE TAXPAYER:**

9 **1. BOUGHT THE EQUIPMENT AFTER DECEMBER 31,**
10 **2012;**

11 **2. OWNS THE EQUIPMENT FOR AT LEAST 3 YEARS**
12 **AFTER THE TAXABLE YEAR IN WHICH THE SUBTRACTION IS MADE; AND**

13 **3. USES THE EQUIPMENT IN AGRICULTURAL**
14 **PRODUCTION.**

15 **[(3)] (4)** To qualify for the subtraction under **[paragraph (2)]**
16 **PARAGRAPHS (2) AND (3)** of this subsection, a taxpayer shall file a statement from
17 the Department of Agriculture certifying compliance with the requirements of this
18 section.

19 **[(4)] (5)** If the subtraction allowed under **[paragraph (2)]**
20 **PARAGRAPHS (2) AND (3)** of this subsection exceeds the Maryland taxable income
21 that is computed without the modification allowed under this subsection and the
22 subtraction is not used for the taxable year, the excess may be carried over to
23 succeeding taxable years, not to exceed 5, until the full amount of the subtraction is
24 used.

25 **[(m) (1)]** In this subsection, “poultry or livestock manure spreading
26 equipment” means equipment that is used by a farm owner or tenant on farmland in
27 accordance with a nutrient management plan prepared by an individual licensed by
28 the Secretary of Agriculture in accordance with Title 8, Subtitle 8 of the Agriculture
29 Article if the manure spreading equipment is used:

30 **(i)** to spread poultry manure and bedding from normal poultry
31 production with a capability of being calibrated to 1.0 ton per acre; or

32 **(ii)** to apply solid or liquid livestock waste.

1 (2) The subtraction under subsection (a) of this section includes 100%
2 of the expense that a taxpayer incurs to buy poultry or livestock manure spreading
3 equipment if the taxpayer:

4 (i) purchased the spreading equipment after December 31,
5 1997; and

6 (ii) owns the spreading equipment for at least 3 years after the
7 taxable year in which the subtraction is made.

8 (3) To qualify for the subtraction under paragraph (2) of this
9 subsection, a taxpayer shall file a statement from the Department of Agriculture
10 certifying compliance with the requirements of paragraph (2) of this subsection.

11 (4) If the subtraction allowed under paragraph (2) of this subsection
12 exceeds the Maryland taxable income that is computed without the modification
13 allowed under this subsection and the subtraction is not used for the taxable year, the
14 excess may be carried over to succeeding taxable years, not to exceed 5, until the full
15 amount of the subtraction is used.]

16 10-308.

17 (b) The subtraction under subsection (a) of this section includes the amounts
18 allowed to be subtracted for an individual under:

19 (1) § 10-208(d) of this title ([Conservation tillage] **ENHANCED**
20 **AGRICULTURAL MANAGEMENT** equipment expenses);

21 (2) § 10-208(i) of this title (Reforestation or timber stand expenses);

22 (3) § 10-208(k) of this title (Wage expenses for targeted jobs); **AND**

23 [(4) § 10-208(m) of this title (Poultry or livestock manure spreading
24 equipment); and]

25 [[5] (4) § 10-208(p) of this title (Elevator handrails in health care
26 facilities).

27 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
28 July 1, 2013, and shall be applicable to all taxable years beginning after December 31,
29 2012.