

# SENATE BILL 404

Q3, M4  
SB 976/12 – B&T

3lr1794  
CF HB 408

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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

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Committee Report: Favorable

Senate action: Adopted

Read second time: February 20, 2013

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

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

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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.



(2010 Replacement Volume and 2012 Supplement)

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

**Article – Tax – General**

10–208.

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

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

1. a planter or drill that:

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

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

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

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

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

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

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

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

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

1                   **7. AN INTEGRATED OPTICAL SENSING AND**  
2 **NUTRIENT APPLICATION SYSTEM THAT MEASURES CROP STATUS AND APPLIES**  
3 **THE CROP’S NITROGEN REQUIREMENTS AT VARIABLE RATES BASED ON**  
4 **PREDICTED IN-SEASON YIELD POTENTIAL FOR THE CROP AND THE PREDICTED**  
5 **RESPONSIVENESS OF THE CROP TO ADDITIONAL NITROGEN; and**

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

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

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

14                   (ii) the taxpayer:

15                   1. bought the equipment:

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

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

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

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

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

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

30                   3. uses the equipment in agricultural production; and

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

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

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

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

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

11                   **(II)    THE TAXPAYER:**

12                   1.     **BOUGHT THE EQUIPMENT AFTER DECEMBER 31,**  
13 **2012;**

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

16                   3.     **USES THE EQUIPMENT IN AGRICULTURAL**  
17 **PRODUCTION.**

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

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

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

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

3 (ii) to apply solid or liquid livestock waste.

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

7 (i) purchased the spreading equipment after December 31,  
8 1997; and

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

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

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

19 10-308.

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

22 (1) § 10-208(d) of this title ([Conservation tillage] **ENHANCED**  
23 **AGRICULTURAL MANAGEMENT** equipment expenses);

24 (2) § 10-208(i) of this title (Reforestation or timber stand expenses);

25 (3) § 10-208(k) of this title (Wage expenses for targeted jobs); **AND**

26 [(4) § 10-208(m) of this title (Poultry or livestock manure spreading  
27 equipment); and]

28 [(5) (4) § 10-208(p) of this title (Elevator handrails in health care  
29 facilities).

30 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect  
31 July 1, 2013, and shall be applicable to all taxable years beginning after December 31,  
32 2012.

