

# HOUSE BILL 445

Q3

51r0890

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By: **Delegates B. Robinson, Chang, and Miele**

Introduced and read first time: February 9, 2015

Assigned to: Ways and Means

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## A BILL ENTITLED

1 AN ACT concerning

2 **Opportunity Bracket for Small Business**

3 FOR the purpose of allowing a subtraction modification under the State income tax for a  
4 certain percentage of business income received by certain small business owners;  
5 providing that the subtraction may not exceed a certain amount; authorizing the  
6 owners of a small business to allocate the subtraction modification in a certain  
7 manner; defining certain terms; providing for the application of this Act; and  
8 generally relating to an income tax subtraction modification for certain income from  
9 certain small businesses.

10 BY adding to

11 Article – Tax – General

12 Section 10–105.1

13 Annotated Code of Maryland

14 (2010 Replacement Volume and 2014 Supplement)

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

17 **Article – Tax – General**

18 **10–105.1.**

19 (A) (1) IN THIS SECTION THE FOLLOWING WORDS HAVE THE MEANINGS  
20 INDICATED.

21 (2) “BUSINESS INCOME” MEANS THE GAIN OR LOSS OF A SMALL  
22 BUSINESS FROM TRANSACTIONS OR ACTIVITIES CARRIED ON IN THE REGULAR  
23 COURSE OF A TRADE OR BUSINESS.

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EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



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**(3) (I) "SMALL BUSINESS" MEANS:**

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**1. A SOLE PROPRIETORSHIP;**

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**2. AN S CORPORATION;**

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**3. A PARTNERSHIP; OR**

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**4. A LIMITED LIABILITY COMPANY THAT IS NOT TAXED**

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**AS A CORPORATION UNDER THIS TITLE.**

7

**(II) "SMALL BUSINESS" DOES NOT INCLUDE A BUSINESS WITH**

8

**MORE THAN \$2,000,000 IN GROSS RECEIPTS DURING THE TAXABLE YEAR.**

9

**(B) (1) AN INDIVIDUAL THAT IS THE OWNER OF A SMALL BUSINESS MAY**

10

**SUBTRACT FROM FEDERAL ADJUSTED GROSS INCOME, TO DETERMINE MARYLAND**

11

**ADJUSTED GROSS INCOME, 50% OF THE BUSINESS INCOME RECEIVED BY THE**

12

**OWNER THAT IS ATTRIBUTABLE TO THE SMALL BUSINESS.**

13

**(2) THE TOTAL AMOUNT OF THE SUBTRACTION UNDER THIS SECTION**

14

**CLAIMED BY ALL OF THE OWNERS OF A SMALL BUSINESS MAY NOT EXCEED \$50,000**

15

**FOR EACH SMALL BUSINESS.**

16

**(3) THE SUBTRACTION ALLOWED UNDER THIS SECTION MAY BE**

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**ALLOCATED AMONG THE OWNERS OF THE SMALL BUSINESS IN ANY MANNER AGREED**

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**TO BY THE OWNERS IN WRITING.**

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**SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect July**

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**1, 2015, and shall be applicable to all taxable years beginning after December 31, 2014.**