

HOUSE BILL 845

Q3

8lr2743
CF SB 37

By: **Delegates Queen, Brooks, Conaway, Fennell, Glenn, Holmes, Sample–Hughes, Sydnor, and K. Young**

Introduced and read first time: February 2, 2018

Assigned to: Ways and Means and Health and Government Operations

A BILL ENTITLED

1 AN ACT concerning

2 **Income Tax – Subtraction Modification – Expenses of Medical Cannabis Grower,**
3 **Processor, or Dispensary**

4 FOR the purpose of allowing a subtraction modification under the Maryland income tax for
5 certain expenses paid or incurred during the taxable year in carrying on a trade or
6 business as a certain medical cannabis grower, processor, or dispensary; providing
7 for the application of this Act; and generally relating to an income tax subtraction
8 modification for certain expenses of medical cannabis growers, processors, or
9 dispensaries.

10 BY repealing and reenacting, without amendments,
11 Article – Tax – General
12 Section 10–208(a) and 10–308(a)
13 Annotated Code of Maryland
14 (2016 Replacement Volume and 2017 Supplement)

15 BY adding to
16 Article – Tax – General
17 Section 10–208(w)
18 Annotated Code of Maryland
19 (2016 Replacement Volume and 2017 Supplement)

20 BY repealing and reenacting, with amendments,
21 Article – Tax – General
22 Section 10–308(b)
23 Annotated Code of Maryland
24 (2016 Replacement Volume and 2017 Supplement)

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

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



Article – Tax – General

10–208.

(a) In addition to the modification under § 10–207 of this subtitle, the amounts under this section are subtracted from the federal adjusted gross income of a resident to determine Maryland adjusted gross income.

(W) (1) THE SUBTRACTION UNDER SUBSECTION (A) OF THIS SECTION INCLUDES THE AMOUNT OF ORDINARY AND NECESSARY EXPENSES PAID OR INCURRED DURING THE TAXABLE YEAR IN CARRYING ON A TRADE OR A BUSINESS AS A MEDICAL CANNABIS GROWER, PROCESSOR, OR DISPENSARY LICENSED UNDER TITLE 13, SUBTITLE 33 OF THE HEALTH – GENERAL ARTICLE IF THE DEDUCTION FOR ORDINARY AND NECESSARY EXPENSES IS DISALLOWED UNDER § 280E OF THE INTERNAL REVENUE CODE.

(2) THE SUBTRACTION ALLOWED UNDER PARAGRAPH (1) OF THIS SUBSECTION INCLUDES A REASONABLE ALLOWANCE FOR SALARIES OR OTHER COMPENSATION FOR PERSONAL SERVICES ACTUALLY RENDERED DURING THE TAXABLE YEAR.

10–308.

(a) In addition to the modification under § 10–307 of this subtitle, the amounts under this section are subtracted from the federal taxable income of a corporation to determine Maryland modified income.

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

(1) § 10–208(d) of this title (Enhanced agricultural management equipment expenses);

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

(3) § 10–208(k) of this title (Wage expenses for targeted jobs); [and]

(4) § 10–208(p) of this title (Elevator handrails in health care facilities);

AND

(5) § 10–208(W) OF THIS TITLE (TRADE OR BUSINESS EXPENSES OF MEDICAL CANNABIS GROWER, PROCESSOR, OR DISPENSARY).

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

1 1, 2018, and shall be applicable to all taxable years beginning after December 31, 2017.