HOUSE BILL 217

By: Delegate Wilkins
Requested: November 1, 2020
Introduced and read first time: January 13, 2021
Assigned to: Ways and Means and Health and Government Operations

A BILL ENTITLED

AN ACT concerning

Income Tax – Subtraction Modification – Expenses of Medical Cannabis Grower, Processor, Dispensary, or Independent Testing Laboratory

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

BY repealing and reenacting, without amendments,
Article – Tax – General
Section 10–208(a) and 10–308(a)
Annotated Code of Maryland
(2016 Replacement Volume and 2020 Supplement)

BY adding to
Article – Tax – General
Section 10–208(y)
Annotated Code of Maryland
(2016 Replacement Volume and 2020 Supplement)

BY repealing and reenacting, with amendments,
Article – Tax – General
Section 10–308(b)
Annotated Code of Maryland
(2016 Replacement Volume and 2020 Supplement)

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.
[Brackets] indicate matter deleted from existing law.
HOUSE BILL 217

SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND,

That the Laws of Maryland read as follows:

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.

(Y) (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 or an independent
testing laboratory registered in accordance with § 13–3311 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(y) of this title (Trade or business expenses of
MEDICAL CANNABIS GROWER, PROCESSOR, DISPENSARY, OR INDEPENDENT TESTING LABORATORY).

SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect July 1, 2021, and shall be applicable to all taxable years beginning after December 31, 2020.