

HOUSE BILL 661

Q3

11r2022

By: **Delegate Chisholm**

Introduced and read first time: January 22, 2021

Assigned to: Ways and Means

A BILL ENTITLED

1 AN ACT concerning

2 **Income Tax – Expensing of Business Property and Bonus Depreciation –**
3 **Recoupling With Federal Law**

4 FOR the purpose of repealing certain Maryland income tax modifications for certain
5 deductions for the cost of business property placed in service that is treated as an
6 expense for federal income tax purposes; repealing certain Maryland income tax
7 modifications for a certain additional depreciation allowance under the federal
8 income tax for business property placed in service; providing for the application of
9 this Act; and generally relating to certain Maryland income tax modifications with
10 respect to the federal income tax treatment of business property.

11 BY repealing and reenacting, with amendments,
12 Article – Tax – General
13 Section 10–210.1
14 Annotated Code of Maryland
15 (2016 Replacement Volume and 2020 Supplement)

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

18 **Article – Tax – General**

19 10–210.1.

20 (a) (1) In this section the following words have the meanings indicated.

21 (2) “Depreciation” includes any deduction allowed under § 179 of the
22 Internal Revenue Code.

23 (3) “Heavy duty SUV” means a 4–wheeled vehicle that:

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 (i) is manufactured primarily for use on public streets, roads, and
2 highways;

3 (ii) is rated at more than 6,000 but not more than 14,000 pounds
4 gross vehicle weight; and

5 (iii) would be a passenger automobile as defined in § 280F of the
6 Internal Revenue Code if it were rated at 6,000 pounds gross vehicle weight or less.

7 [(4) (i) “Manufacturing entity” means a person conducting or operating
8 a trade or business that is primarily engaged in activities that, in accordance with the
9 North American Industrial Classification System (NAICS), United States Manual, United
10 States Office of Management and Budget, 2012 Edition, would be included in Sector 31, 32,
11 or 33.

12 (ii) “Manufacturing entity” does not include a refiner, as defined in
13 § 10–101 of the Business Regulation Article.]

14 (b) In addition to the modifications under §§ 10–204 through 10–210 of this
15 subtitle, to determine Maryland adjusted gross income of an individual:

16 [(1) (i) except as provided in item (ii) of this item, an amount is added to
17 or subtracted from federal adjusted gross income to reflect the determination of the
18 depreciation deduction provided under § 167(a) of the Internal Revenue Code and the
19 adjusted basis of property without regard to the additional allowance under § 168(k) of the
20 Internal Revenue Code; and

21 (ii) item (i) of this item does not apply to property placed in service
22 by a manufacturing entity on or after January 1, 2019;]

23 [(2) (1) an amount is added to or subtracted from federal adjusted gross
24 income to determine the net operating loss deduction allowed under § 172 of the Internal
25 Revenue Code without regard to an election under § 172(b)(1)(H) of the Internal Revenue
26 Code for a carryback period of up to 5 years;

27 [(3) (i) except as provided in item (ii) of this item, an amount is added to
28 or subtracted from federal adjusted gross income to reflect the determination of the
29 maximum aggregate costs that the taxpayer may treat as an expense under § 179 of the
30 Internal Revenue Code for any taxable year without regard to any changes made to that
31 section after December 31, 2002:

32 1. increasing above \$25,000 the dollar limitation set forth in
33 § 179(b)(1) of the Internal Revenue Code; or

34 2. increasing above \$200,000 the phase-out threshold set

1 forth in § 179(b)(2) of the Internal Revenue Code; and

2 (ii) item (i) of this item does not apply to property that is placed in
3 service by a manufacturing entity on or after January 1, 2019;]

4 ~~[(4)] (2)~~ an amount is added to or subtracted from federal adjusted gross
5 income to reflect the recognition of income from discharge of indebtedness and the
6 allowance of any deduction with respect to original issue discount without regard to § 108(i)
7 of the Internal Revenue Code; and

8 ~~[(5)] (3)~~ an amount is added to or subtracted from federal adjusted gross
9 income to reflect the determination of the depreciation deduction with respect to any heavy
10 duty SUV as if the heavy duty SUV were subject to the limitations of § 280F of the Internal
11 Revenue Code in the same manner as it would be if the vehicle were rated at 6,000 pounds
12 gross vehicle weight or less.

13 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect July
14 1, 2021, and shall be applicable to all taxable years beginning after December 31, 2020.