SENATE BILL 622

By: Senators Corderman, Carozza, Edwards, Hershey, Klausmeier, Salling, and Simonaire

Introduced and read first time: February 2, 2022
Assigned to: Budget and Taxation

A BILL ENTITLED

AN ACT concerning

Income Tax – Credit for Travel, Hospitality, and Entertainment

FOR the purpose of allowing an individual to claim a credit against the State income tax for certain travel, hospitality, and entertainment expenses paid or incurred by the individual during certain taxable years under certain circumstances; requiring the Department of Commerce to administer the credit; and generally relating to a credit against the State income tax for travel, hospitality, and entertainment expenses.

BY adding to

Article – Tax – General
Section 10–754
Annotated Code of Maryland
(2016 Replacement Volume and 2020 Supplement)

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

Article – Tax – General

10–754.

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

(2) “DEPARTMENT” MEANS THE DEPARTMENT OF COMMERCE.

(3) “QUALIFIED EXPENSES” MEANS ANY OF THE FOLLOWING EXPENSES PAID OR INCURRED BY AN INDIVIDUAL DURING ANY PERIOD OF QUALIFIED TRAVEL:

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.
[Brackets] indicate matter deleted from existing law.
(I) FOOD AND BEVERAGE EXPENSES;

(II) LODGING EXPENSES, OTHER THAN EXPENSES RELATED TO LODGING AT A VACATION HOME THAT IS OWNED BY THE INDIVIDUAL;

(III) TRANSPORTATION EXPENSES, PROVIDED THAT THE CREDIT FOR MILES DRIVEN IN THE INDIVIDUAL’S PRIVATELY OWNED VEHICLE IS CALCULATED USING THE PRIVATELY OWNED VEHICLE REIMBURSEMENT RATES IN EFFECT FOR STATE EMPLOYEES;

(IV) EXPENSES FOR LIVE ENTERTAINMENT AND SPORTING EVENTS; OR

(V) EXPENSES RELATED TO ATTENDING A CONFERENCE OR BUSINESS MEETING.

(4) “QUALIFIED TRAVEL” MEANS ANY TRAVEL:

(I) THAT OCCURS WITHIN THE STATE AFTER DECEMBER 31, 2021, BUT BEFORE JANUARY 1, 2024; AND

(II) FOR WHICH THE FINAL DESTINATION IS AT LEAST 50 MILES FROM THE PRINCIPAL RESIDENCE OF THE INDIVIDUAL.

(B) FOR A TAXABLE YEAR BEGINNING AFTER DECEMBER 31, 2021, BUT BEFORE JANUARY 1, 2024, AN INDIVIDUAL MAY CLAIM A CREDIT AGAINST THE STATE INCOME TAX IN THE AMOUNT STATED ON THE TAX CREDIT CERTIFICATE ISSUED UNDER SUBSECTION (D) OF THIS SECTION.

(C) (1) FOR EACH TAXABLE YEAR, THE CREDIT ALLOWED UNDER THIS SECTION MAY NOT EXCEED THE LESSER OF:

(I) 100% OF THE QUALIFIED EXPENSES PAID OR INCURRED BY THE INDIVIDUAL DURING THE TAXABLE YEAR; OR

(II) THE SUM OF:

1. A. $500 FOR AN INDIVIDUAL; OR

B. $1,000 FOR A MARRIED COUPLE FILING A JOINT TAX RETURN; AND
2. An amount equal to the product of $100 multiplied by the number of dependent children of the individual.

(2) A credit may not be allowed under this section with respect to any qualified expenses for which the individual claimed a deduction under § 162(a)(2) of the Internal Revenue Code.

(3) If the credit allowed under this section in any taxable year exceeds the state income tax for that taxable year, the unused amount of the credit may not be carried over to any other taxable year.

(d) (1) Subject to the limitations of this subsection, on application by an individual, the Department shall issue a tax credit certificate in the amount allowable under subsection (c) of this section.

(2) The application shall be in the form and contain the information that the Department requires.

(3) The Department shall:

(I) approve all applications that qualify for a tax credit certificate under this subsection on a first-come, first-served basis; and

(II) notify the individual within 30 days after the receipt of the application of the Department's approval or denial of the application.

(4) For any taxable year, the total amount of credit certificates issued by the Department under this subsection may not exceed $3,200,000.

(e) On or before January 31 each taxable year, the Department shall report to the Comptroller on the tax credit certificates issued under this section during the prior taxable year.

(f) The Department and the Comptroller jointly shall adopt regulations to:

(I) implement the provisions of this section; and

(2) specify criteria and procedures for the application
FOR, APPROVAL OF, AND MONITORING OF CONTINUING ELIGIBILITY FOR THE TAX CREDIT UNDER THIS SECTION.

SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect July 1, 2022. It shall remain effective for a period of 2 years and, at the end of June 30, 2024, this Act, with no further action required by the General Assembly, shall be abrogated and of no further force and effect.