

HOUSE BILL 191

Q3

3lr1121

By: **Delegates Palakovich Carr, Bagnall, Charkoudian, Ebersole, Feldmark, Grossman, D. Jones, Lehman, R. Lewis, Moon, Ruth, Smith, Solomon, Stewart, Terrasa, Washington, Wells, Wilkins, and Williams**

Introduced and read first time: January 19, 2023

Assigned to: Ways and Means

A BILL ENTITLED

1 AN ACT concerning

2 **Income Tax – Payments of Fines, Penalties, and Other Amounts – Addition**
3 **Modification**

4 FOR the purpose of providing an addition modification under the Maryland income tax for
5 the amount of certain trade or business expenses paid or incurred during the taxable
6 year that are deducted under the Internal Revenue Code for the payment of certain
7 fines, penalties, or other amounts; and generally relating to an addition under the
8 Maryland income tax for fines, penalties, and other amounts.

9 BY repealing and reenacting, without amendments,
10 Article – Tax – General
11 Section 10–204(a) and 10–305(a)
12 Annotated Code of Maryland
13 (2022 Replacement Volume)

14 BY adding to
15 Article – Tax – General
16 Section 10–204(m)
17 Annotated Code of Maryland
18 (2022 Replacement Volume)

19 BY repealing and reenacting, with amendments,
20 Article – Tax – General
21 Section 10–305(d)
22 Annotated Code of Maryland
23 (2022 Replacement Volume)

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

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 **Article – Tax – General**

2 10–204.

3 (a) To the extent excluded from federal adjusted gross income, the amounts under
4 this section are added to the federal adjusted gross income of a resident to determine
5 Maryland adjusted gross income.

6 **(M) THE ADDITION UNDER SUBSECTION (A) OF THIS SECTION INCLUDES ANY**
7 **TRADE OR BUSINESS EXPENSES PAID OR INCURRED DURING THE TAXABLE YEAR**
8 **THAT ARE DEDUCTED UNDER § 162(F) OF THE INTERNAL REVENUE CODE FOR THE**
9 **PAYMENT OF FINES, PENALTIES, AND OTHER AMOUNTS.**

10 10–305.

11 (a) To the extent excluded from federal taxable income, the amounts under this
12 section are added to the federal taxable income of a corporation to determine Maryland
13 modified income.

14 (d) The addition under subsection (a) of this section includes the additions
15 required for an individual under:

16 (1) § 10–204(b) of this title (Dividends and interest from another state or
17 local obligation);

18 (2) § 10–204(c)(2) of this title (Federal tax–exempt income);

19 (3) § 10–204(e) of this title (Oil percentage depletion allowance);

20 (4) § 10–204(i) of this title (Deduction for qualified production activities
21 income);

22 (5) § 10–204(j) of this title (Deduction for costs for security clearance
23 administrative expenses and construction and equipment costs incurred to construct or
24 renovate a sensitive compartmented information facility); [and]

25 (6) § 10–204(l) of this title (Deduction for donations to qualified permanent
26 endowment funds); **AND**

27 **(7) § 10–204(M) OF THIS TITLE (DEDUCTION FOR PAYMENT OF FINES,**
28 **PENALTIES, AND OTHER AMOUNTS).**

29 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect July
30 1, 2023, and shall be applicable to all taxable years beginning after December 31, 2022.