

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

Committee Report: Favorable

House action: Adopted

Read second time: March 1, 2023

CHAPTER _____

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

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.

Underlining indicates amendments to bill.

~~Strike out~~ indicates matter stricken from the bill by amendment or deleted from the law by amendment.



1 Section 10–305(d)
2 Annotated Code of Maryland
3 (2022 Replacement Volume)

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

6 **Article – Tax – General**

7 10–204.

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

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

15 10–305.

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

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

21 (1) § 10–204(b) of this title (Dividends and interest from another state or
22 local obligation);

23 (2) § 10–204(c)(2) of this title (Federal tax–exempt income);

24 (3) § 10–204(e) of this title (Oil percentage depletion allowance);

25 (4) § 10–204(i) of this title (Deduction for qualified production activities
26 income);

27 (5) § 10–204(j) of this title (Deduction for costs for security clearance
28 administrative expenses and construction and equipment costs incurred to construct or
29 renovate a sensitive compartmented information facility); **[and]**

30 (6) § 10–204(l) of this title (Deduction for donations to qualified permanent
31 endowment funds); **AND**

1 **(7) § 10–204(M) OF THIS TITLE (DEDUCTION FOR PAYMENT OF FINES,**
2 **PENALTIES, AND OTHER AMOUNTS).**

3 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect July
4 1, 2023, and shall be applicable to all taxable years beginning after December 31, 2022.

Approved:

Governor.

Speaker of the House of Delegates.

President of the Senate.