

HOUSE BILL 551

Q3, Q4

3lr0125
CF 3lr0124

By: **The Speaker (By Request – Administration) and Delegates Addison, Allen, Amprey, Anderton, Attar, Bagnall, Bhandari, Boafu, Boyce, Buckel, Cardin, Charles, Conaway, Crosby, Crutchfield, Cullison, Davis, Ebersole, Embry, Feldmark, Fennell, Fraser–Hidalgo, Ghrist, Grossman, Guyton, Harris, Harrison, Hartman, Healey, Henson, Holmes, Hornberger, Hutchinson, Jacobs, D. Jones, Kaiser, Kaufman, Kelly, Kerr, J. Long, Lopez, Mangione, McCaskill, Pasteur, Patterson, Phillips, Pippy, Qi, Queen, Reznik, Rogers, Rose, Rosenberg, Ruth, Sample–Hughes, Simpson, Smith, Solomon, Stein, Taveras, Toles, Tomlinson, Turner, Valderrama, Vogel, Watson, Wells, White, Wilkins, Williams, Wivell, Woods, Wu, and Young**

Introduced and read first time: February 2, 2023

Assigned to: Ways and Means

A BILL ENTITLED

1 AN ACT concerning

2 **Broadband Expansion Incentive Act of 2023**

3 FOR the purpose of allowing a subtraction modification under the Maryland income tax for
4 certain qualified broadband grants awarded during the taxable year for broadband
5 deployment; providing an exemption from the sales and use tax for the sale of certain
6 equipment related to providing Internet service and deploying broadband; and
7 generally relating to tax incentives for broadband deployment.

8 BY repealing and reenacting, without amendments,
9 Article – Tax – General
10 Section 10–207(a) and 10–307(a)
11 Annotated Code of Maryland
12 (2022 Replacement Volume)

13 BY adding to
14 Article – Tax – General
15 Section 10–207(o), 10–307(g)(7), and 11–245
16 Annotated Code of Maryland
17 (2022 Replacement Volume)

18 BY repealing and reenacting, with amendments,

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 Article – Tax – General
2 Section 10–307(g)(5) and (6)
3 Annotated Code of Maryland
4 (2022 Replacement Volume)

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

7 **Article – Tax – General**

8 10–207.

9 (a) To the extent included in federal adjusted gross income, the amounts under
10 this section are subtracted from the federal adjusted gross income of a resident to determine
11 Maryland adjusted gross income.

12 **(OO) (1) IN THIS SUBSECTION, “QUALIFIED BROADBAND GRANT” MEANS**
13 **ANY FEDERAL GRANT FOR BROADBAND INFRASTRUCTURE AND MADE FOR THE**
14 **PURPOSE OF BROADBAND DEPLOYMENT.**

15 **(2) THE SUBTRACTION UNDER SUBSECTION (A) OF THIS SECTION**
16 **INCLUDES THE AMOUNT OF ANY QUALIFIED BROADBAND GRANT AWARDED TO THE**
17 **TAXPAYER DURING THE TAXABLE YEAR.**

18 10–307.

19 (a) To the extent included in federal taxable income, the amounts under this
20 section are subtracted from the federal taxable income of a corporation to determine
21 Maryland modified income.

22 (g) The subtraction under subsection (a) of this section includes the amounts
23 allowed to be subtracted for an individual under:

24 (5) § 10–207(hh) of this title (Gain on the transfer of property within the
25 Laurel Park site or Pimlico site or Bowie Race Course Training Center property and income
26 recognized as result of governmental expenditures); [or]

27 (6) § 10–207(jj) of this title (Coronavirus relief payments); **OR**

28 **(7) § 10–207(OO) OF THIS TITLE (QUALIFIED BROADBAND GRANTS).**

29 SECTION 2. AND BE IT FURTHER ENACTED, That the Laws of Maryland read
30 as follows:

31 **Article – Tax – General**

1 11-245.

2 (A) IN THIS SECTION, "NETWORK EQUIPMENT" MEANS MODEMS, FIBER
3 OPTIC CABLES, COAXIAL CABLES, RADIO EQUIPMENT, ROUTING EQUIPMENT,
4 SWITCHING EQUIPMENT, CABLE MODEM TERMINATION SYSTEMS, ASSOCIATED
5 SOFTWARE, TRANSMITTERS, POWER EQUIPMENT, STORAGE DEVICES, SERVERS,
6 MULTIPLEXERS, AND ANTENNAS THAT ARE USED TO PROVIDE INTERNET SERVICE
7 OR DEPLOY BROADBAND.

8 (B) THE SALES AND USE TAX DOES NOT APPLY TO THE SALE OF NETWORK
9 EQUIPMENT.

10 SECTION 3. AND BE IT FURTHER ENACTED, That Section 1 of this Act shall be
11 applicable to all taxable years beginning after December 31, 2022.

12 SECTION 4. AND BE IT FURTHER ENACTED, That this Act shall take effect July
13 1, 2023. Section 2 of this Act shall remain effective for a period of 5 years and, at the end of
14 June 30, 2028, Section 2 of this Act, with no further action required by the General
15 Assembly, shall be abrogated and of no further force and effect.