

SENATE BILL 547

Q3, Q4

3lr0124
CF HB 551

By: **The President (By Request – Administration) and Senators Augustine, Bailey, Beidle, Benson, Carozza, Carter, Corderman, Elfreth, Ellis, Feldman, Folden, Gallion, Gile, Hayes, Hershey, Hester, Hettleman, Jackson, James, Jennings, Kagan, Klausmeier, Lam, McKay, Muse, Ready, Rosapepe, Salling, Sydnor, Waldstreicher, M. Washington, Watson, and West**

Introduced and read first time: February 6, 2023

Assigned to: Budget and Taxation

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,

19 Article – Tax – General

20 Section 10–307(g)(5) and (6)

21 Annotated Code of Maryland

22 (2022 Replacement Volume)

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



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

3 **Article – Tax – General**

4 10–207.

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

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

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

14 10–307.

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

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

20 (5) § 10–207(hh) of this title (Gain on the transfer of property within the
21 Laurel Park site or Pimlico site or Bowie Race Course Training Center property and income
22 recognized as result of governmental expenditures); [or]

23 (6) § 10–207(jj) of this title (Coronavirus relief payments); OR

24 **(7) § 10–207(OO) OF THIS TITLE (QUALIFIED BROADBAND GRANTS).**

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

27 **Article – Tax – General**

28 **11–245.**

29 **(A) IN THIS SECTION, “NETWORK EQUIPMENT” MEANS MODEMS, FIBER**
30 **OPTIC CABLES, COAXIAL CABLES, RADIO EQUIPMENT, ROUTING EQUIPMENT,**

1 SWITCHING EQUIPMENT, CABLE MODEM TERMINATION SYSTEMS, ASSOCIATED
2 SOFTWARE, TRANSMITTERS, POWER EQUIPMENT, STORAGE DEVICES, SERVERS,
3 MULTIPLEXERS, AND ANTENNAS THAT ARE USED TO PROVIDE INTERNET SERVICE
4 OR DEPLOY BROADBAND.

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

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

9 SECTION 4. AND BE IT FURTHER ENACTED, That this Act shall take effect July
10 1, 2023. Section 2 of this Act shall remain effective for a period of 5 years and, at the end of
11 June 30, 2028, Section 2 of this Act, with no further action required by the General
12 Assembly, shall be abrogated and of no further force and effect.