

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

Committee Report: Favorable with amendments

Senate action: Adopted

Read second time: March 23, 2023

CHAPTER _____

1 AN ACT concerning

2 **Office of Statewide Broadband – Study of Broadband Expansion Incentive Act**
3 **of 2023 Incentives**

4 FOR the purpose of ~~allowing a subtraction modification under the Maryland income tax for~~
5 ~~certain qualified broadband grants awarded during the taxable year for broadband~~
6 ~~deployment; providing an exemption from the sales and use tax for the sale of certain~~
7 ~~equipment related to providing Internet service and deploying~~ requiring the Office
8 of Statewide Broadband within the Department of Housing and Community
9 Development to conduct a certain study and report to the Governor and the General
10 Assembly on or before a certain date on certain incentives to encourage the expansion
11 of broadband infrastructure in the State; and generally relating to ~~tax~~ a study on
12 broadband expansion incentives for broadband deployment.

13 ~~BY repealing and reenacting, without amendments,~~
14 ~~Article – Tax – General~~
15 ~~Section 10–207(a) and 10–307(a)~~
16 ~~Annotated Code of Maryland~~
17 ~~(2022 Replacement Volume)~~

18 ~~BY adding to~~
19 ~~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.



~~Section 10-207(o), 10-307(g)(7), and 11-245
Annotated Code of Maryland
(2022 Replacement Volume)~~

~~BY repealing and reenacting, with amendments,
Article Tax General
Section 10-307(g)(5) and (6)
Annotated Code of Maryland
(2022 Replacement Volume)~~

SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND,
That ~~the Laws of Maryland read as follows~~ the Office of Statewide Broadband within the
Department of Housing and Community Development shall:

(1) study and make recommendations regarding:

(i) how the State can incentivize broadband service providers to
expand broadband infrastructure to communities that are unserved or underserved,
including through either regulatory or financial incentives;

(ii) how the State can ensure that federal broadband infrastructure
grants are deployed to best serve the needs of Marylanders; and

(iii) how other states have encouraged private investment in
broadband networks and how this State might implement similar measures; and

(2) on or before January 1, 2024, submit its findings and recommendations
to the Governor and, in accordance with § 2-1257 of the State Government Article, the
General Assembly.

~~Article Tax General~~

~~10-207~~

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

~~(OO) (1) IN THIS SUBSECTION, "QUALIFIED BROADBAND GRANT" MEANS
ANY FEDERAL GRANT FOR BROADBAND INFRASTRUCTURE AND MADE FOR THE
PURPOSE OF BROADBAND DEPLOYMENT.~~

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

1 ~~10-307.~~

2 (a) ~~To the extent included in federal taxable income, the amounts under this~~
 3 ~~section are subtracted from the federal taxable income of a corporation to determine~~
 4 ~~Maryland modified income.~~

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

7 (5) ~~§ 10-207(hh) of this title (Gain on the transfer of property within the~~
 8 ~~Laurel Park site or Pimlico site or Bowie Race Course Training Center property and income~~
 9 ~~recognized as result of governmental expenditures); [or]~~

10 (6) ~~§ 10-207(jj) of this title (Coronavirus relief payments); OR~~

11 (7) ~~§ 10-207(oo) OF THIS TITLE (QUALIFIED BROADBAND GRANTS).~~

12 ~~SECTION 2. AND BE IT FURTHER ENACTED, That the Laws of Maryland read~~
 13 ~~as follows:~~

14 ~~Article Tax General~~

15 ~~11-245.~~

16 (A) ~~IN THIS SECTION, “NETWORK EQUIPMENT” MEANS MODEMS, FIBER~~
 17 ~~OPTIC CABLES, COAXIAL CABLES, RADIO EQUIPMENT, ROUTING EQUIPMENT,~~
 18 ~~SWITCHING EQUIPMENT, CABLE MODEM TERMINATION SYSTEMS, ASSOCIATED~~
 19 ~~SOFTWARE, TRANSMITTERS, POWER EQUIPMENT, STORAGE DEVICES, SERVERS,~~
 20 ~~MULTIPLEXERS, AND ANTENNAS THAT ARE USED TO PROVIDE INTERNET SERVICE~~
 21 ~~OR DEPLOY BROADBAND.~~

22 (B) ~~THE SALES AND USE TAX DOES NOT APPLY TO THE SALE OF NETWORK~~
 23 ~~EQUIPMENT.~~

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

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