

# HOUSE BILL 278

Q3, M4

5lr1317

(PRE-FILED)

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By: **Delegates Bouchat and Fair**

Requested: October 23, 2024

Introduced and read first time: January 8, 2025

Assigned to: Ways and Means

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## A BILL ENTITLED

1 AN ACT concerning

2 **Income Tax – Subtraction Modification – Enhanced Agricultural Management**  
3 **Equipment**

4 FOR the purpose of altering a subtraction modification under the Maryland income tax for  
5 enhanced agricultural management equipment to include equipment that the  
6 Secretary of Agriculture determines by regulation to qualify as enhanced  
7 agricultural management equipment; and generally relating to a subtraction  
8 modification under the Maryland income tax for enhanced agricultural management  
9 equipment.

10 BY repealing and reenacting, without amendments,  
11 Article – Tax – General  
12 Section 10–208(a)  
13 Annotated Code of Maryland  
14 (2022 Replacement Volume and 2024 Supplement)

15 BY repealing and reenacting, with amendments,  
16 Article – Tax – General  
17 Section 10–208(d)  
18 Annotated Code of Maryland  
19 (2022 Replacement Volume and 2024 Supplement)

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

22 **Article – Tax – General**

23 10–208.

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EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 (a) In addition to the modification under § 10–207 of this subtitle, the amounts  
2 under this section are subtracted from the federal adjusted gross income of a resident to  
3 determine Maryland adjusted gross income.

4 (d) (1) In this subsection:

5 (i) “enhanced agricultural management equipment” means:

6 1. a planter or drill that:

7 A. is commonly known as a “no–till” planter or drill; and

8 B. is designed to minimize the disturbance of the soil in  
9 planting crops;

10 2. liquid manure soil injection equipment that is designed to  
11 inject manure into the soil to reduce nutrient runoff;

12 3. a deep no–till ripper that does not invert the soil profile  
13 and is used to address compaction in high residue cropping systems;

14 4. poultry or livestock manure spreading equipment used by  
15 a farm owner or tenant on farmland in accordance with a nutrient management plan  
16 prepared by an individual licensed by the Secretary of Agriculture in accordance with Title  
17 8, Subtitle 8 of the Agriculture Article if the manure spreading equipment is used:

18 A. to spread poultry manure and bedding from normal  
19 poultry production with a capability of being calibrated to 1 ton per acre; or

20 B. to apply solid or liquid livestock waste;

21 5. vertical tillage equipment used to incorporate livestock  
22 manure or poultry litter into the soil;

23 6. a global positioning system device used for management of  
24 agricultural nutrient applications; [and]

25 7. an integrated optical sensing and nutrient application  
26 system that measures crop status and applies the crop’s nitrogen requirements at variable  
27 rates based on predicted in–season yield potential for the crop and the predicted  
28 responsiveness of the crop to additional nitrogen; and

29 **8. OTHER EQUIPMENT THAT THE SECRETARY OF**  
30 **AGRICULTURE DETERMINES BY REGULATION TO QUALIFY AS ENHANCED**  
31 **AGRICULTURAL MANAGEMENT EQUIPMENT; AND**

1 (ii) “enhanced agricultural management equipment” includes  
2 equipment that attaches to or is pulled by equipment listed in item (i) of this paragraph.

3 (2) Except as provided in paragraph (3) of this subsection, the subtraction  
4 under subsection (a) of this section includes 100% of the expenses that a taxpayer incurs to  
5 buy and install enhanced agricultural management equipment if:

6 (i) the equipment has a useful life of at least 4 years;

7 (ii) the taxpayer:

8 1. bought the equipment:

9 A. after December 31, 1985, if the equipment is a planter or  
10 drill;

11 B. after December 31, 1989, if the equipment is liquid  
12 manure soil injection equipment;

13 C. after December 31, 1997, if the equipment is poultry or  
14 livestock manure spreading equipment;

15 D. after December 31, 2001, if the equipment is a deep no-till  
16 ripper that does not invert the soil profile; or

17 E. after December 31, 2012, if the equipment is a global  
18 positioning system device used for management of agricultural nutrient applications or an  
19 integrated optical sensing and nutrient application system;

20 2. owns the equipment for at least 3 years after the taxable  
21 year in which the subtraction is made; and

22 3. uses the equipment in agricultural production; and

23 (iii) for liquid manure soil injection equipment, the equipment is:

24 1. used on land upon which farm products, as defined under  
25 § 10–601 of the Agriculture Article, are raised; and

26 2. not used to inject sludge into the soil.

27 (3) The subtraction under subsection (a) of this section includes 50% of the  
28 expenses that a taxpayer incurs to buy and install enhanced agricultural management  
29 equipment that is vertical tillage equipment used to incorporate livestock manure or  
30 poultry litter into the soil if:

31 (i) the equipment has a useful life of at least 4 years; and

1 (ii) the taxpayer:

2 1. bought the equipment after December 31, 2012;

3 2. owns the equipment for at least 3 years after the taxable  
4 year in which the subtraction is made; and

5 3. uses the equipment in agricultural production.

6 (4) To qualify for the subtraction under paragraphs (2) and (3) of this  
7 subsection, a taxpayer shall file a statement from the Department of Agriculture certifying  
8 compliance with the requirements of this section.

9 (5) If the subtraction allowed under paragraphs (2) and (3) of this  
10 subsection exceeds the Maryland taxable income that is computed without the modification  
11 allowed under this subsection and the subtraction is not used for the taxable year, the  
12 excess may be carried over to succeeding taxable years, not to exceed 5, until the full  
13 amount of the subtraction is used.

14 **(6) THE SECRETARY OF AGRICULTURE MAY ADOPT REGULATIONS TO**  
15 **ESTABLISH ADDITIONAL TYPES OF EQUIPMENT THAT QUALIFY AS ENHANCED**  
16 **AGRICULTURAL MANAGEMENT EQUIPMENT UNDER PARAGRAPH (1)(I)8 OF THIS**  
17 **SUBSECTION.**

18 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect July  
19 1, 2025, and shall be applicable to all taxable years beginning after December 31, 2024.