

Chapter 327

(House Bill 547)

AN ACT concerning

Income Tax – ~~Subtraction Modification~~ – Enhanced Agricultural Management Equipment Subtraction Modification and Parent of a Stillborn Child Credit

FOR the purpose of ~~altering a subtraction modification under the Maryland income tax for enhanced agricultural management equipment to include equipment that requiring the Secretary of Agriculture determines by regulation to qualify as, on or before a certain date each year, to report to the Governor and the General Assembly on certain equipment that the Secretary recommends should qualify for the subtraction modification under the Maryland income tax for enhanced agricultural management equipment; and generally relating to a subtraction modification under the Maryland income tax for enhanced agricultural management equipment~~ allowing a certain parent of a stillborn child a refundable credit against the State income tax for each birth for which a certain certificate has been issued; and generally relating to income tax subtraction modifications and credits.

BY repealing and reenacting, without amendments,

Article – Tax – General

Section 10–208(a)

Annotated Code of Maryland

(2022 Replacement Volume and 2025 Supplement)

BY repealing and reenacting, with amendments,

Article – Tax – General

Section 10–208(d)

Annotated Code of Maryland

(2022 Replacement Volume and 2025 Supplement)

BY adding toArticle – Tax – GeneralSection 10–758Annotated Code of Maryland(2022 Replacement Volume and 2025 Supplement)

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

Article – Tax – General

10–208.

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

(d) (1) In this subsection:

(i) “enhanced agricultural management equipment” means:

1. a planter or drill that:
 - A. is commonly known as a “no–till” planter or drill; and
 - B. is designed to minimize the disturbance of the soil in planting crops;
2. liquid manure soil injection equipment that is designed to inject manure into the soil to reduce nutrient runoff;
3. a deep no–till ripper that does not invert the soil profile and is used to address compaction in high residue cropping systems;
4. poultry or livestock manure spreading equipment used by a farm owner or tenant on farmland in accordance with a nutrient management plan prepared by an individual licensed by the Secretary of Agriculture in accordance with Title 8, Subtitle 8 of the Agriculture Article if the manure spreading equipment is used:
 - A. to spread poultry manure and bedding from normal poultry production with a capability of being calibrated to 1 ton per acre; or
 - B. to apply solid or liquid livestock waste;
5. vertical tillage equipment used to incorporate livestock manure or poultry litter into the soil;
6. a global positioning system device used for management of agricultural nutrient applications; ~~and~~
7. an integrated optical sensing and nutrient application system that measures crop status and applies the crop’s nitrogen requirements at variable rates based on predicted in–season yield potential for the crop and the predicted responsiveness of the crop to additional nitrogen; and

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

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

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

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

(ii) the taxpayer:

1. bought the equipment:

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

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

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

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

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

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

3. uses the equipment in agricultural production; and

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

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

2. not used to inject sludge into the soil.

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

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

(ii) the taxpayer:

1. bought the equipment after December 31, 2012;

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

3. uses the equipment in agricultural production.

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

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

(6) ~~THE~~ ON OR BEFORE DECEMBER 1, 2026, AND EACH DECEMBER 1 THEREAFTER, THE SECRETARY OF AGRICULTURE MAY ADOPT REGULATIONS TO ESTABLISH SHALL REPORT TO THE GOVERNOR AND, IN ACCORDANCE WITH § 2-1257 OF THE STATE GOVERNMENT ARTICLE, THE GENERAL ASSEMBLY ON ADDITIONAL TYPES OF EQUIPMENT THAT THE SECRETARY RECOMMENDS SHOULD QUALIFY AS ENHANCED AGRICULTURAL MANAGEMENT EQUIPMENT UNDER PARAGRAPH (1)(1)8 OF THIS SUBSECTION.

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

Article – Tax – General

10-758.

(A) SUBJECT TO THE LIMITATIONS OF THIS SECTION, A TAXPAYER WHO IS A PARENT OF A STILLBORN CHILD MAY CLAIM A CREDIT AGAINST THE STATE INCOME TAX IN AN AMOUNT EQUAL TO \$1,000 FOR EACH BIRTH FOR WHICH A CERTIFICATE OF BIRTH RESULTING IN STILLBIRTH HAS BEEN ISSUED UNDER § 4-213.1 OF THE HEALTH – GENERAL ARTICLE OR FOR WHICH A CERTIFICATE OF FETAL DEATH OR ITS EQUIVALENT HAS BEEN ISSUED BY ANOTHER STATE.

(B) THE AMOUNT OF THE CREDIT SHALL BE REDUCED BY \$50 FOR EACH \$1,000, OR FRACTION THEREOF, BY WHICH THE TAXPAYER'S FEDERAL ADJUSTED GROSS INCOME EXCEEDS:

(1) \$100,000 IN THE CASE OF AN INDIVIDUAL; OR

(2) \$150,000 IN THE CASE OF A MARRIED COUPLE FILING A JOINT INCOME TAX RETURN.

(C) THE CREDIT ALLOWED UNDER THIS SECTION MAY BE CLAIMED ONLY FOR THE TAXABLE YEAR IN WHICH THE STILLBIRTH OCCURRED.

(D) IF THE CREDIT ALLOWED UNDER THIS SECTION IN ANY TAXABLE YEAR EXCEEDS THE STATE INCOME TAX FOR THAT TAXABLE YEAR, THE TAXPAYER MAY CLAIM A REFUND IN THE AMOUNT OF THE EXCESS.

SECTION 3. AND BE IT FURTHER ENACTED, That Section 2 of this Act shall be applicable to all taxable years beginning after December 31, 2026.

SECTION ~~2~~ 4. AND BE IT FURTHER ENACTED, That this Act shall take effect July 1, 2026, and shall be applicable to all taxable years beginning after December 31, 2025.

Approved by the Governor, April 28, 2026.