

Letter of Information**House Bill 278 – Income Tax – Subtraction Modification – Enhanced Agricultural
Management Equipment**
Ways and Means
January 23, 2025

We thank Delegate Bouchat and Delegate Fair for introducing House Bill 278 (HB278), Income Tax – Subtraction Modification – Enhanced Agricultural Management Equipment. HB278 allows the Secretary of Agriculture to develop regulations that expand the types of agricultural equipment that qualify for an income tax subtraction modification.

Maryland residents can subtract purchases of certain types of enhanced agricultural management equipment from their income for purposes of determining their Maryland adjusted gross income. Under current law, these subtraction modifications are limited to the types of equipment outlined in Tax General § 10-208, Maryland Annotated Code. As technology and industry standards evolve, this statute must be periodically amended to capture new types of equipment. HB278 alleviates this by including a provision that allows the Secretary of Agriculture to add new qualified equipment types via the regulatory process.

The Office of the Comptroller will be able to accommodate the changes proposed in HB278 with existing resources. However, we recommend adding a provision that requires the Secretary of Agriculture to notify our office whenever such regulations are promulgated. This will ensure we can keep our taxpayer resources up to date and accurately reflect all available subtraction modifications. We have discussed this with the bill sponsors and thank them for their willingness to include this provision.

As always, the Office of the Comptroller is eager to discuss this further or answer any questions at your convenience. Please feel free to reach out to Matthew Dudzic, Director of State Affairs, at MDudzic@marylandtaxes.gov.

