

SENATE BILL 860

Q3, M4

5lr2792

By: **Senator Middleton**

Introduced and read first time: February 25, 2015

Assigned to: Rules

A BILL ENTITLED

1 AN ACT concerning

2 **Income Tax – Subtraction Modification – Commercial Fertilizer**

3 FOR the purpose of allowing a subtraction modification under the Maryland individual and
4 corporate income tax for certain taxable years for certain expenses related to the
5 application of certain commercial fertilizer; requiring the State Department of
6 Agriculture to certify the amount allowed as a subtraction; requiring a taxpayer to
7 file a certain certification with the taxpayer's income tax return; providing for the
8 carryforward of any unused portion of the subtraction; providing that a taxpayer
9 may not be allowed the subtraction for more than a certain number of consecutive
10 years; defining certain terms; providing for a delayed effective date; providing for the
11 termination of this Act; and generally relating to a subtraction modification for
12 certain expenses related to commercial fertilizer under the Maryland individual and
13 corporate income tax.

14 BY repealing and reenacting, without amendments,
15 Article – Tax – General
16 Section 10–208(a)
17 Annotated Code of Maryland
18 (2010 Replacement Volume and 2014 Supplement)

19 BY adding to
20 Article – Tax – General
21 Section 10–208(v)
22 Annotated Code of Maryland
23 (2010 Replacement Volume and 2014 Supplement)

24 BY repealing and reenacting, with amendments,
25 Article – Tax – General
26 Section 10–308(b)
27 Annotated Code of Maryland
28 (2010 Replacement Volume and 2014 Supplement)

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 10–208.

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

8 (v) (1) (i) IN THIS SUBSECTION THE FOLLOWING WORDS HAVE THE
9 MEANINGS INDICATED.

10 (ii) “COMMERCIAL FERTILIZER” HAS THE MEANING STATED IN
11 § 6–201 OF THE AGRICULTURE ARTICLE.

12 (iii) “DEPARTMENT” MEANS THE STATE DEPARTMENT OF
13 AGRICULTURE.

14 (iv) “QUALIFIED COMMERCIAL FERTILIZER” MEANS
15 COMMERCIAL FERTILIZER THAT IS NECESSARY TO TRANSITION AN AGRICULTURAL
16 PRODUCTION FROM USING ANIMAL MANURE AS FERTILIZER.

17 (2) (i) SUBJECT TO THE LIMITATIONS OF THIS SUBSECTION, FOR A
18 TAXABLE YEAR BEGINNING AFTER DECEMBER 31, 2017, BUT BEFORE JANUARY 1,
19 2026, THE SUBTRACTION UNDER SUBSECTION (A) OF THIS SECTION INCLUDES THE
20 ADDITIONAL EXPENSES THAT A TAXPAYER INCURS TO PURCHASE QUALIFIED
21 COMMERCIAL FERTILIZER.

22 (ii) THE DEPARTMENT SHALL CERTIFY THE AMOUNT ALLOWED
23 AS A SUBTRACTION UNDER THIS SUBSECTION BY SUBTRACTING THE ESTIMATED
24 COST TO PURCHASE AND APPLY ANIMAL MANURE TO THE AGRICULTURAL
25 PRODUCTION FROM THE PRODUCT OF MULTIPLYING:

26 1. THE TOTAL NUMBER OF ACRES FOR WHICH
27 QUALIFIED COMMERCIAL FERTILIZER IS NECESSARY; AND

28 2. THE ESTIMATED COST PER ACRE OF THE QUALIFIED
29 COMMERCIAL FERTILIZER.

1 **(3) TO QUALIFY FOR THE SUBTRACTION UNDER THIS SUBSECTION, A**
2 **TAXPAYER MUST FILE WITH THE TAXPAYER'S INCOME TAX RETURN A**
3 **CERTIFICATION FROM THE DEPARTMENT PROVIDING:**

4 **(I) THAT THE TAXPAYER HAS DOCUMENTATION OF THE**
5 **HISTORICAL USE OF ANIMAL MANURE UNDER PRIOR CROP ROTATIONS;**

6 **(II) THAT THE ADDITIONAL COMMERCIAL FERTILIZER**
7 **EXPENSES ARE NECESSARY TO:**

8 **1. CONVERT AGRICULTURAL PRODUCTION FROM USING**
9 **ANIMAL MANURE AS FERTILIZER; AND**

10 **2. COMPLY WITH REGULATIONS ADOPTED BY THE**
11 **DEPARTMENT; AND**

12 **(III) THE AMOUNT OF THE SUBTRACTION THAT THE TAXPAYER IS**
13 **ELIGIBLE FOR.**

14 **(4) IF THE SUBTRACTION ALLOWED UNDER THIS SUBSECTION**
15 **EXCEEDS THE MARYLAND TAXABLE INCOME THAT IS COMPUTED WITHOUT THE**
16 **MODIFICATION ALLOWED UNDER THIS SUBSECTION AND ANY AMOUNT OF THE**
17 **SUBTRACTION IS NOT USED FOR THE TAXABLE YEAR, THE EXCESS MAY BE CARRIED**
18 **OVER TO SUCCEEDING TAXABLE YEARS, NOT TO EXCEED 5 YEARS, UNTIL THE FULL**
19 **AMOUNT OF THE SUBTRACTION IS USED.**

20 **(5) THE SUBTRACTION ALLOWED UNDER THIS SUBSECTION MAY NOT**
21 **BE ALLOWED FOR A TAXPAYER FOR MORE THAN 8 CONSECUTIVE YEARS.**

22 10-308.

23 (b) The subtraction under subsection (a) of this section includes the amounts
24 allowed to be subtracted for an individual under:

25 (1) § 10-208(d) of this title (Enhanced agricultural management
26 equipment expenses);

27 (2) § 10-208(i) of this title (Reforestation or timber stand expenses);

28 (3) § 10-208(k) of this title (Wage expenses for targeted jobs); [and]

29 (4) § 10-208(p) of this title (Elevator handrails in health care facilities);

30 **AND**

1 **(5) § 10-208(v) OF THIS TITLE (QUALIFIED COMMERCIAL**
2 **FERTILIZER).**

3 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect July
4 1, 2017. It shall remain effective for a period of 9 years and, at the end of June 30, 2026,
5 with no further action required by the General Assembly, this Act shall be abrogated and
6 of no further force and effect.