

Department of Legislative Services  
Maryland General Assembly  
2017 Session

FISCAL AND POLICY NOTE  
Enrolled

Senate Bill 36

(Senator Mathias)

Budget and Taxation

Ways and Means

---

**Tax Credits - Electronic Filing Requirements - Waiver**

---

This bill authorizes the Comptroller to exempt a taxpayer from the requirement that specified tax credits must be claimed electronically. In order to qualify for the exemption, a taxpayer must submit a written request and the Comptroller must determine that there is reasonable cause for not filing a claim electronically or that there is no feasible means to do so without creating undue hardship.

The bill takes effect July 1, 2017, and applies to tax year 2017 and beyond.

---

**Fiscal Summary**

**State Effect:** State finances are not expected to be materially impacted.

**Local Effect:** None.

**Small Business Effect:** Minimal.

---

**Analysis**

**Current Law/Background:** Chapter 344 and 345 of 2012 require a taxpayer to submit a claim for a tax credit by electronic means, as required by regulations adopted by the Comptroller's Office, if the taxpayer claims the job creation, One Maryland, biotechnology investment incentive, or enterprise zone tax credit. In addition, the Acts authorize the Comptroller's Office to require by regulation any other tax credit claim to be submitted electronically, if the Comptroller's Office determines that claiming the credit electronically will not have a material adverse impact or undue administrative burden on the Comptroller's Office.

Regulations adopted by the Comptroller currently require a taxpayer who claims a business tax credit, an excess carryover of a business tax credit, or a recapture of a business tax credit, to claim the credit on an electronically filed original or amended Maryland income tax return. A taxpayer must also electronically file any required certification and attachments for the credit with the electronically filed original or amended Maryland income tax return. In general, all business tax credits are claimed on Form 500CR, which must be filed electronically beginning with tax year 2013.

The following exceptions apply to these electronic filing requirements: (1) a nonprofit organization claiming a credit against employee withholdings; (2) a taxpayer claiming a business tax credit against the fiduciary income tax; and (3) an individual who claims the heritage structure rehabilitation tax credit.

**State Fiscal Effect:** This bill authorizes the Comptroller to exempt a taxpayer from the requirement that specified tax credits must be claimed electronically. The Comptroller's Office advises that the bill generally codifies existing practice. For each tax credit that must be filed electronically, the Comptroller's Office currently denies the tax credit claim if the taxpayer does not electronically file the claim. However, the tax credit claim is processed if the Comptroller's Office subsequently determines that there are extenuating circumstances that prevent the taxpayer from electronically filing the claim.

---

### **Additional Information**

**Prior Introductions:** None.

**Cross File:** None.

**Information Source(s):** Comptroller's Office; Department of Legislative Services

**Fiscal Note History:** First Reader - January 16, 2017  
md/jrb Third Reader - February 21, 2017  
Enrolled - May 5, 2017

---

Analysis by: Robert J. Rehrmann

Direct Inquiries to:  
(410) 946-5510  
(301) 970-5510