

HB1794/985565/1

BY: Committee on Ways and Means

AMENDMENTS TO HOUSE BILL 1794

(First Reading File Bill)

AMENDMENT NO. 1

On page 1, in line 4, before “corporations” insert “certain”; in the same line, after the semicolon insert “authorizing certain corporations to elect to use a certain formula to apportion certain income; requiring certain corporations to apportion certain income from certain intangible investments in a certain manner:”.

AMENDMENT NO. 2

On page 1, in line 17, after “(a)” insert “IN THIS SECTION, “WORLDWIDE HEADQUARTERED COMPANY” MEANS A CORPORATION INCLUDED IN A GROUP OF CORPORATIONS INCLUDING A PARENT CORPORATION THAT:

(1) FILED A FORM 10-Q WITH THE SECURITIES AND EXCHANGE COMMISSION FOR THE QUARTERLY PERIOD ENDING JUNE 30, 2017;

(2) HAS ITS PRINCIPAL EXECUTIVE OFFICE IN THE STATE; AND

(3) EMPLOYS AT ALL TIMES BETWEEN JULY 1, 2017, AND JUNE 30, 2020, AT LEAST 500 FULL-TIME EMPLOYEES AT THE PARENT CORPORATION’S PRINCIPAL EXECUTIVE OFFICE THAT IS LOCATED WITHIN THE STATE.

(B)”.

AMENDMENT NO. 3

On page 2, in line 4, strike “(b), (c), or (d)” and substitute “(C), (D), OR (E)”; in lines 5 and 12, strike “(b)” and “(c)”, respectively, and substitute “(C)” and “(D)”, respectively; and in line 5, strike “(c) or (d)” and substitute “(D) OR (E)”.

(Over)

AMENDMENT NO. 4

On pages 3 and 4, strike in their entirety the lines beginning with line 4 on page 3 through line 5 on page 4, inclusive, and substitute:

“(1) EXCEPT AS PROVIDED IN PARAGRAPH (2) OF THIS SUBSECTION:

(I) FOR A TAXABLE YEAR BEGINNING AFTER DECEMBER 31, 2017, BUT BEFORE JANUARY 1, 2019, IF THE TRADE OR BUSINESS IS A UNITARY BUSINESS, THE PART OF THE CORPORATION’S MARYLAND MODIFIED INCOME DERIVED FROM OR REASONABLY ATTRIBUTABLE TO TRADE OR BUSINESS CARRIED ON IN THE STATE SHALL BE DETERMINED USING A 3-FACTOR APPORTIONMENT FRACTION:

1. THE NUMERATOR OF WHICH IS THE SUM OF THE PROPERTY FACTOR, THE PAYROLL FACTOR, AND 3 TIMES THE SALES FACTOR; AND

2. THE DENOMINATOR OF WHICH IS 5;

(II) FOR A TAXABLE YEAR BEGINNING AFTER DECEMBER 31, 2018, BUT BEFORE JANUARY 1, 2020, IF THE TRADE OR BUSINESS IS A UNITARY BUSINESS, THE PART OF THE CORPORATION’S MARYLAND MODIFIED INCOME DERIVED FROM OR REASONABLY ATTRIBUTABLE TO TRADE OR BUSINESS CARRIED ON IN THE STATE SHALL BE DETERMINED USING A 3-FACTOR APPORTIONMENT FRACTION:

1. THE NUMERATOR OF WHICH IS THE SUM OF THE PROPERTY FACTOR, THE PAYROLL FACTOR, AND 4 TIMES THE SALES FACTOR; AND

2. THE DENOMINATOR OF WHICH IS 6;

(III) FOR A TAXABLE YEAR BEGINNING AFTER DECEMBER 31, 2019, BUT BEFORE JANUARY 1, 2021, IF THE TRADE OR BUSINESS IS A UNITARY BUSINESS, THE PART OF THE CORPORATION'S MARYLAND MODIFIED INCOME DERIVED FROM OR REASONABLY ATTRIBUTABLE TO TRADE OR BUSINESS CARRIED ON IN THE STATE SHALL BE DETERMINED USING A 3-FACTOR APPORTIONMENT FRACTION:

1. THE NUMERATOR OF WHICH IS THE SUM OF THE PROPERTY FACTOR, THE PAYROLL FACTOR, AND 5 TIMES THE SALES FACTOR; AND

2. THE DENOMINATOR OF WHICH IS 7;

(IV) FOR A TAXABLE YEAR BEGINNING AFTER DECEMBER 31, 2020, BUT BEFORE JANUARY 1, 2022, IF THE TRADE OR BUSINESS IS A UNITARY BUSINESS, THE PART OF THE CORPORATION'S MARYLAND MODIFIED INCOME DERIVED FROM OR REASONABLY ATTRIBUTABLE TO TRADE OR BUSINESS CARRIED ON IN THE STATE SHALL BE DETERMINED USING A 3-FACTOR APPORTIONMENT FRACTION:

1. THE NUMERATOR OF WHICH IS THE SUM OF THE PROPERTY FACTOR, THE PAYROLL FACTOR, AND 6 TIMES THE SALES FACTOR; AND

(Over)

**2. THE DENOMINATOR OF WHICH IS 8; AND**

**(V) FOR A TAXABLE YEAR BEGINNING AFTER DECEMBER 31, 2021, IF THE TRADE OR BUSINESS IS A UNITARY BUSINESS, THE PART OF THE CORPORATION'S MARYLAND MODIFIED INCOME DERIVED FROM OR REASONABLY ATTRIBUTABLE TO TRADE OR BUSINESS CARRIED ON IN THE STATE SHALL BE DETERMINED USING A SINGLE SALES FACTOR APPORTIONMENT FORMULA, BY MULTIPLYING ITS MARYLAND MODIFIED INCOME BY 100% OF THE SALES FACTOR.**

**(2) (I) EACH YEAR A WORLDWIDE HEADQUARTERED COMPANY THAT FILED A FEDERAL CORPORATE INCOME TAX RETURN FOR THE TAXABLE YEAR MAY ELECT TO CALCULATE ITS MARYLAND MODIFIED INCOME DERIVED FROM OR REASONABLY ATTRIBUTABLE TO TRADE OR BUSINESS CARRIED ON IN THE STATE USING A 3-FACTOR APPORTIONMENT FRACTION:**

**1. THE NUMERATOR OF WHICH IS THE SUM OF THE PROPERTY FACTOR, THE PAYROLL FACTOR, AND TWICE THE SALES FACTOR; AND**

**2. THE DENOMINATOR OF WHICH IS 4.**

**(II) TO DETERMINE UNDER SUBPARAGRAPH (I) OF THIS PARAGRAPH THE MARYLAND MODIFIED INCOME OF A CORPORATION OR GROUP OF CORPORATIONS THAT IS A WORLDWIDE HEADQUARTERED COMPANY THAT FILED A FEDERAL CORPORATE INCOME TAX RETURN FOR THE TAXABLE YEAR, GROSS INCOME FROM INTANGIBLE INVESTMENTS, INCLUDING DIVIDENDS, INTEREST, ROYALTIES, AND CAPITAL GAINS FROM THE SALE OF INTANGIBLE**

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**PROPERTY, SHALL BE INCLUDED IN THE CALCULATION OF THE NUMERATOR  
BASED ON THE AVERAGE OF THE PROPERTY AND PAYROLL FACTORS.**

**AMENDMENT NO. 5**

On page 4, in line 6, strike “paragraph (1)” and substitute “**PARAGRAPHS (1)  
AND (2)**”; in line 9, strike the bracket; in line 10, strike “(d)” and substitute “**(E)**”; in line 11, strike “(b) and (c)” and substitute “**(C) AND (D)**”; in line 12, strike the bracket; in line 13, in each instance, strike the bracket; in line 19, strike the bracket; and in line 21, strike the second “2018” and substitute “**2017**”.