

HOUSE BILL 841

Q3

2lr2775
CF SB 693

By: **Delegates Qi, Hornberger, Kittleman, Queen, and Walker**

Introduced and read first time: February 7, 2022

Assigned to: Ways and Means

A BILL ENTITLED

1 AN ACT concerning

2 **Income Tax – Expensing of Business Property – Recoupling With Federal Law**
3 **(Maryland Manufacturing Tax Relief Act of 2022)**

4 FOR the purpose of repealing certain Maryland income tax modifications for certain
5 deductions for the cost of business property placed in service that is treated as an
6 expense for federal income tax purposes; and generally relating to Maryland income
7 tax modifications with respect to the federal income tax treatment of business
8 property.

9 BY repealing and reenacting, with amendments,
10 Article – Tax – General
11 Section 10–210.1
12 Annotated Code of Maryland
13 (2016 Replacement Volume and 2021 Supplement)

14 BY repealing and reenacting, without amendments,
15 Article – Tax – General
16 Section 10–310
17 Annotated Code of Maryland
18 (2016 Replacement Volume and 2021 Supplement)

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

Article – Tax – General

21 10–210.1.

22 (a) (1) In this section the following words have the meanings indicated.

23 (2) “Depreciation” includes any deduction allowed under § 179 of the
24

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 Internal Revenue Code.

2 (3) “Heavy duty SUV” means a 4-wheeled vehicle that:

3 (i) is manufactured primarily for use on public streets, roads, and
4 highways;

5 (ii) is rated at more than 6,000 but not more than 14,000 pounds
6 gross vehicle weight; and

7 (iii) would be a passenger automobile as defined in § 280F of the
8 Internal Revenue Code if it were rated at 6,000 pounds gross vehicle weight or less.

9 (4) (i) “Manufacturing entity” means a person conducting or operating
10 a trade or business that is primarily engaged in activities that, in accordance with the
11 North American Industrial Classification System (NAICS), United States Manual, United
12 States Office of Management and Budget, 2012 Edition, would be included in Sector 31, 32,
13 or 33.

14 (ii) “Manufacturing entity” does not include a refiner, as defined in
15 § 10–101 of the Business Regulation Article.

16 (b) In addition to the modifications under §§ 10–204 through 10–210 of this
17 subtitle, to determine Maryland adjusted gross income of an individual:

18 (1) (i) except as provided in item (ii) of this item, an amount is added to
19 or subtracted from federal adjusted gross income to reflect the determination of the
20 depreciation deduction provided under § 167(a) of the Internal Revenue Code and the
21 adjusted basis of property without regard to the additional allowance under § 168(k) of the
22 Internal Revenue Code; and

23 (ii) item (i) of this item does not apply to property placed in service
24 by a manufacturing entity on or after January 1, 2019;

25 (2) an amount is added to or subtracted from federal adjusted gross income
26 to determine the net operating loss deduction allowed under § 172 of the Internal Revenue
27 Code without regard to an election under § 172(b)(1)(H) of the Internal Revenue Code for a
28 carryback period of up to 5 years;

29 [(3) (i) except as provided in item (ii) of this item, an amount is added to
30 or subtracted from federal adjusted gross income to reflect the determination of the
31 maximum aggregate costs that the taxpayer may treat as an expense under § 179 of the
32 Internal Revenue Code for any taxable year without regard to any changes made to that
33 section after December 31, 2002:

34 1. increasing above \$25,000 the dollar limitation set forth in
35 § 179(b)(1) of the Internal Revenue Code; or

