

HOUSE BILL 1273

Q3
HB 1176/21 – W&M

2lr2795

By: **Delegates Hornberger, Anderton, Boteler, Buckel, and Griffith**

Introduced and read first time: February 11, 2022

Assigned to: Ways and Means

A BILL ENTITLED

1 AN ACT concerning

2 **Income Tax – Credit for Travel, Hospitality, and Entertainment**

3 FOR the purpose of allowing an individual to claim a credit against the State income tax
4 for certain travel, hospitality, and entertainment expenses paid or incurred by the
5 individual during certain taxable years under certain circumstances; requiring the
6 Department of Commerce to administer the credit; and generally relating to a credit
7 against the State income tax for travel, hospitality, and entertainment expenses.

8 BY adding to

9 Article – Tax – General

10 Section 10–754

11 Annotated Code of Maryland

12 (2016 Replacement Volume and 2020 Supplement)

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

15 **Article – Tax – General**

16 **10–754.**

17 **(A) (1) IN THIS SECTION THE FOLLOWING WORDS HAVE THE MEANINGS**
18 **INDICATED.**

19 **(2) “DEPARTMENT” MEANS THE DEPARTMENT OF COMMERCE.**

20 **(3) “QUALIFIED EXPENSES” MEANS ANY OF THE FOLLOWING**
21 **EXPENSES PAID OR INCURRED BY AN INDIVIDUAL DURING ANY PERIOD OF**
22 **QUALIFIED TRAVEL:**

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 (I) FOOD AND BEVERAGE EXPENSES;

2 (II) LODGING EXPENSES, OTHER THAN EXPENSES RELATED TO
3 LODGING AT A VACATION HOME THAT IS OWNED BY THE INDIVIDUAL;

4 (III) TRANSPORTATION EXPENSES, PROVIDED THAT THE CREDIT
5 FOR MILES DRIVEN IN THE INDIVIDUAL'S PRIVATELY OWNED VEHICLE IS
6 CALCULATED USING THE PRIVATELY OWNED VEHICLE REIMBURSEMENT RATES IN
7 EFFECT FOR STATE EMPLOYEES;

8 (IV) EXPENSES FOR LIVE ENTERTAINMENT AND SPORTING
9 EVENTS; OR

10 (V) EXPENSES RELATED TO ATTENDING A CONFERENCE OR
11 BUSINESS MEETING.

12 (4) "QUALIFIED TRAVEL" MEANS ANY TRAVEL:

13 (I) THAT OCCURS WITHIN THE STATE AFTER DECEMBER 31,
14 2021, BUT BEFORE JANUARY 1, 2024; AND

15 (II) FOR WHICH THE FINAL DESTINATION IS AT LEAST 50 MILES
16 FROM THE PRINCIPAL RESIDENCE OF THE INDIVIDUAL.

17 (B) FOR A TAXABLE YEAR BEGINNING AFTER DECEMBER 31, 2021, BUT
18 BEFORE JANUARY 1, 2024, AN INDIVIDUAL MAY CLAIM A CREDIT AGAINST THE
19 STATE INCOME TAX IN THE AMOUNT STATED ON THE TAX CREDIT CERTIFICATE
20 ISSUED UNDER SUBSECTION (D) OF THIS SECTION.

21 (C) (1) FOR EACH TAXABLE YEAR, THE CREDIT ALLOWED UNDER THIS
22 SECTION MAY NOT EXCEED THE LESSER OF:

23 (I) 100% OF THE QUALIFIED EXPENSES PAID OR INCURRED BY
24 THE INDIVIDUAL DURING THE TAXABLE YEAR; OR

25 (II) THE SUM OF:

26 1. A. \$500 FOR AN INDIVIDUAL; OR

27 B. \$1,000 FOR A MARRIED COUPLE FILING A JOINT TAX
28 RETURN; AND

29 2. AN AMOUNT EQUAL TO THE PRODUCT OF \$100

1 MULTIPLIED BY THE NUMBER OF DEPENDENT CHILDREN OF THE INDIVIDUAL.

2 (2) A CREDIT MAY NOT BE ALLOWED UNDER THIS SECTION WITH
3 RESPECT TO ANY QUALIFIED EXPENSES FOR WHICH THE INDIVIDUAL CLAIMED A
4 DEDUCTION UNDER § 162(A)(2) OF THE INTERNAL REVENUE CODE.

5 (3) IF THE CREDIT ALLOWED UNDER THIS SECTION IN ANY TAXABLE
6 YEAR EXCEEDS THE STATE INCOME TAX FOR THAT TAXABLE YEAR, THE UNUSED
7 AMOUNT OF THE CREDIT MAY NOT BE CARRIED OVER TO ANY OTHER TAXABLE YEAR.

8 (D) (1) SUBJECT TO THE LIMITATIONS OF THIS SUBSECTION, ON
9 APPLICATION BY AN INDIVIDUAL, THE DEPARTMENT SHALL ISSUE A TAX CREDIT
10 CERTIFICATE IN THE AMOUNT ALLOWABLE UNDER SUBSECTION (C) OF THIS
11 SECTION.

12 (2) THE APPLICATION SHALL BE IN THE FORM AND CONTAIN THE
13 INFORMATION THAT THE DEPARTMENT REQUIRES.

14 (3) THE DEPARTMENT SHALL:

15 (I) APPROVE ALL APPLICATIONS THAT QUALIFY FOR A TAX
16 CREDIT CERTIFICATE UNDER THIS SUBSECTION ON A FIRST-COME, FIRST-SERVED
17 BASIS; AND

18 (II) NOTIFY THE INDIVIDUAL WITHIN 30 DAYS AFTER THE
19 RECEIPT OF THE APPLICATION OF THE DEPARTMENT'S APPROVAL OR DENIAL OF
20 THE APPLICATION.

21 (4) FOR ANY TAXABLE YEAR, THE TOTAL AMOUNT OF CREDIT
22 CERTIFICATES ISSUED BY THE DEPARTMENT UNDER THIS SUBSECTION MAY NOT
23 EXCEED \$3,200,000.

24 (E) ON OR BEFORE JANUARY 31 EACH TAXABLE YEAR, THE DEPARTMENT
25 SHALL REPORT TO THE COMPTROLLER ON THE TAX CREDIT CERTIFICATES ISSUED
26 UNDER THIS SECTION DURING THE PRIOR TAXABLE YEAR.

27 (F) THE DEPARTMENT AND THE COMPTROLLER JOINTLY SHALL ADOPT
28 REGULATIONS TO:

29 (1) IMPLEMENT THE PROVISIONS OF THIS SECTION; AND

30 (2) SPECIFY CRITERIA AND PROCEDURES FOR THE APPLICATION
31 FOR, APPROVAL OF, AND MONITORING OF CONTINUING ELIGIBILITY FOR THE TAX

1 **CREDIT UNDER THIS SECTION.**

2 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect July
3 1, 2022. It shall remain effective for a period of 2 years and, at the end of June 30, 2024,
4 this Act, with no further action required by the General Assembly, shall be abrogated and
5 of no further force and effect.