

SENATE BILL 793

Q3

2lr0486

By: **Senators Garagiola, Colburn, and King**

Introduced and read first time: February 3, 2012

Assigned to: Budget and Taxation

A BILL ENTITLED

1 AN ACT concerning

2 **Corporate Income Tax – Rate in Economically Depressed Counties**

3 FOR the purpose of altering the State income tax rate on the Maryland taxable income
4 of corporations that is attributable to the operation of the corporation in certain
5 qualified distressed counties; providing for the determination of income
6 attributable to the operation of a corporation in a qualified distressed county;
7 providing for the application of this Act; and generally relating to the State
8 income tax rate for certain income of corporations.

9 BY repealing and reenacting, with amendments,
10 Article – Tax – General
11 Section 10–105(b)
12 Annotated Code of Maryland
13 (2010 Replacement Volume and 2011 Supplement)

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

16 **Article – Tax – General**

17 10–105.

18 (b) **(1) IN THIS SECTION, “QUALIFIED DISTRESSED COUNTY” HAS THE**
19 **MEANING STATED IN § 1–101 OF THE ECONOMIC DEVELOPMENT ARTICLE.**

20 **(2) [The] EXCEPT AS PROVIDED IN PARAGRAPH (3) OF THIS**
21 **SUBSECTION, THE State income tax rate for a corporation is 8.25% of Maryland**
22 **taxable income.**

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 **(3) THE STATE INCOME TAX RATE IS 6% FOR THE MARYLAND**
2 **TAXABLE INCOME OF A CORPORATION THAT IS ATTRIBUTABLE TO THE**
3 **OPERATION OF THE CORPORATION IN A QUALIFIED DISTRESSED COUNTY.**

4 **(4) THE INCOME ATTRIBUTABLE TO THE OPERATION OF THE**
5 **CORPORATION IN A QUALIFIED DISTRESSED COUNTY SHALL BE DETERMINED:**

6 **(I) UNDER THE SEPARATE ACCOUNTING METHOD**
7 **REFLECTING ONLY THE GROSS INCOME, DEDUCTIONS, EXPENSES, GAINS, AND**
8 **LOSSES THAT ARE DIRECTLY ATTRIBUTABLE TO THE OPERATION OF THE**
9 **CORPORATION IN A QUALIFIED DISTRESSED COUNTY; OR**

10 **(II) BY AN ALTERNATIVE METHOD APPROVED BY THE**
11 **COMPTROLLER.**

12 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
13 July 1, 2012, and shall be applicable to all taxable years beginning after December 31,
14 2011.