

HOUSE BILL 224

Q3

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CF SB 263

By: **Delegates Palakovich Carr, Acevero, Barron, Boyce, Bridges, Carr, Charkoudian, Cullison, Hettleman, Hill, Ivey, Korman, Lehman, R. Lewis, Lierman, Lopez, Moon, Mosby, Pena-Melnyk, Reznik, Shetty, Smith, Solomon, Stewart, Washington, and Wilkins**

Introduced and read first time: January 16, 2020

Assigned to: Ways and Means

Committee Report: Favorable with amendments

House action: Adopted

Read second time: March 7, 2020

CHAPTER _____

1 AN ACT concerning

2 **Opportunity Zone Tax Deduction Reform Act of 2020**

3 FOR the purpose of requiring certain taxpayers to add a certain deduction back to federal
4 adjusted gross income to determine Maryland adjusted gross income; requiring
5 certain taxpayers to add a certain deduction back to federal adjusted gross income
6 to determine Maryland modified income; providing for the application of this Act;
7 and generally relating to additions under the Maryland income tax for gains from
8 sales or exchanges of qualified opportunity zone property.

9 BY repealing and reenacting, without amendments,
10 Article – Tax – General
11 Section 10–204(a) and 10–305(a)
12 Annotated Code of Maryland
13 (2016 Replacement Volume and 2019 Supplement)

14 BY adding to
15 Article – Tax – General
16 Section 10–204(m)
17 Annotated Code of Maryland
18 (2016 Replacement Volume and 2019 Supplement)

19 BY repealing and reenacting, with amendments,

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.

Underlining indicates amendments to bill.

~~Strike out~~ indicates matter stricken from the bill by amendment or deleted from the law by amendment.



Article – Tax – General
Section 10–305(d)
Annotated Code of Maryland
(2016 Replacement Volume and 2019 Supplement)

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

Article – Tax – General

10–204.

(a) To the extent excluded from federal adjusted gross income, the amounts under this section are added to the federal adjusted gross income of a resident to determine Maryland adjusted gross income.

(M) THE ADDITION UNDER SUBSECTION (A) OF THIS SECTION INCLUDES ANY CAPITAL GAINS ~~DEFERRED OR~~ EXCLUDED UNDER § 1400Z–2 OF THE INTERNAL REVENUE CODE.

10–305.

(a) To the extent excluded from federal taxable income, the amounts under this section are added to the federal taxable income of a corporation to determine Maryland modified income.

(d) The addition under subsection (a) of this section includes the additions required for an individual under:

(1) § 10–204(b) of this title (Dividends and interest from another state or local obligation);

(2) § 10–204(c)(2) of this title (Federal tax–exempt income);

(3) § 10–204(e) of this title (Oil percentage depletion allowance);

(4) § 10–204(i) of this title (Deduction for qualified production activities income);

(5) § 10–204(j) of this title (Deduction for costs for security clearance administrative expenses and construction and equipment costs incurred to construct or renovate a sensitive compartmented information facility); **[and]**

(6) § 10–204(l) of this title (Deduction for donations to qualified permanent endowment funds); **AND**

1 (7) § 10-204(M) OF THIS TITLE (CAPITAL GAINS ~~DEFERRED OR~~
2 EXCLUDED FOR INVESTMENT IN OPPORTUNITY ZONE).

3 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect July
4 1, 2020, and shall be applicable to all taxable years beginning after December 31, 2019.

Approved:

Governor.

Speaker of the House of Delegates.

President of the Senate.