

HOUSE BILL 224

Q3

0lr0403
CF 0lr1634

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

A BILL ENTITLED

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,
20 Article – Tax – General
21 Section 10–305(d)
22 Annotated Code of Maryland
23 (2016 Replacement Volume and 2019 Supplement)

24 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND,

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.
[Brackets] indicate matter deleted from existing law.



1 That the Laws of Maryland read as follows:

2 **Article – Tax – General**

3 10–204.

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

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

10 10–305.

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

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

16 (1) § 10–204(b) of this title (Dividends and interest from another state or
17 local obligation);

18 (2) § 10–204(c)(2) of this title (Federal tax–exempt income);

19 (3) § 10–204(e) of this title (Oil percentage depletion allowance);

20 (4) § 10–204(i) of this title (Deduction for qualified production activities
21 income);

22 (5) § 10–204(j) of this title (Deduction for costs for security clearance
23 administrative expenses and construction and equipment costs incurred to construct or
24 renovate a sensitive compartmented information facility); [and]

25 (6) § 10–204(l) of this title (Deduction for donations to qualified permanent
26 endowment funds); AND

27 **(7) § 10–204(M) OF THIS TITLE (CAPITAL GAINS DEFERRED OR**
28 **EXCLUDED FOR INVESTMENT IN OPPORTUNITY ZONE).**

29 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect July
30 1, 2020, and shall be applicable to all taxable years beginning after December 31, 2019.