

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.



1 Article – Tax – General
2 Section 10–305(d)
3 Annotated Code of Maryland
4 (2016 Replacement Volume and 2019 Supplement)

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

7 **Article – Tax – General**

8 10–204.

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

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

15 10–305.

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

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

21 (1) § 10–204(b) of this title (Dividends and interest from another state or
22 local obligation);

23 (2) § 10–204(c)(2) of this title (Federal tax–exempt income);

24 (3) § 10–204(e) of this title (Oil percentage depletion allowance);

25 (4) § 10–204(i) of this title (Deduction for qualified production activities
26 income);

27 (5) § 10–204(j) of this title (Deduction for costs for security clearance
28 administrative expenses and construction and equipment costs incurred to construct or
29 renovate a sensitive compartmented information facility); **[and]**

30 (6) § 10–204(l) of this title (Deduction for donations to qualified permanent
31 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.