

SENATE BILL 730

Q3

1lr2693
CF 1lr1585

By: **Senators Edwards and Carozza**

Introduced and read first time: February 5, 2021

Assigned to: Budget and Taxation

A BILL ENTITLED

1 AN ACT concerning

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

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; providing that
6 the credit may not exceed a certain amount and that a credit may not be allowed for
7 certain expenses for which the individual claimed a certain federal deduction;
8 providing that any unused amount of the credit may not be carried over to any other
9 taxable year; requiring the Department of Commerce, on application by an
10 individual, to issue a tax credit certificate in a certain amount; providing for the form
11 and content of the application; requiring the Department to approve applications for
12 the credit on a first–come, first–served basis and to provide certain notice to the
13 applicant; providing that the total amount of tax credit certificates issued in a
14 taxable year may not exceed a certain amount; requiring the Department to report
15 certain information to the Comptroller on or before a certain date each year;
16 requiring the Department and the Comptroller to jointly adopt certain regulations;
17 defining certain terms; providing for the termination of this Act; and generally
18 relating to a credit against the State income tax for travel, hospitality, and
19 entertainment expenses.

20 BY adding to
21 Article – Tax – General
22 Section 10–751
23 Annotated Code of Maryland
24 (2016 Replacement Volume and 2020 Supplement)

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

27 **Article – Tax – General**

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 **10-751.**

2 **(A) (1) IN THIS SECTION THE FOLLOWING WORDS HAVE THE MEANINGS**
3 **INDICATED.**

4 **(2) "DEPARTMENT" MEANS THE DEPARTMENT OF COMMERCE.**

5 **(3) "QUALIFIED EXPENSES" MEANS ANY OF THE FOLLOWING**
6 **EXPENSES PAID OR INCURRED BY AN INDIVIDUAL DURING ANY PERIOD OF**
7 **QUALIFIED TRAVEL:**

8 **(I) FOOD AND BEVERAGE EXPENSES;**

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

11 **(III) TRANSPORTATION EXPENSES, PROVIDED THAT THE CREDIT**
12 **FOR MILES DRIVEN IN THE INDIVIDUAL'S PRIVATELY OWNED VEHICLE IS**
13 **CALCULATED USING THE PRIVATELY OWNED VEHICLE REIMBURSEMENT RATES IN**
14 **EFFECT FOR STATE EMPLOYEES;**

15 **(IV) EXPENSES FOR LIVE ENTERTAINMENT AND SPORTING**
16 **EVENTS; OR**

17 **(V) EXPENSES RELATED TO ATTENDING A CONFERENCE OR**
18 **BUSINESS MEETING.**

19 **(4) "QUALIFIED TRAVEL" MEANS ANY TRAVEL:**

20 **(I) THAT OCCURS WITHIN THE STATE AFTER DECEMBER 31,**
21 **2020, BUT BEFORE JANUARY 1, 2023; AND**

22 **(II) FOR WHICH THE FINAL DESTINATION IS AT LEAST 50 MILES**
23 **FROM THE PRINCIPAL RESIDENCE OF THE INDIVIDUAL.**

24 **(B) FOR A TAXABLE YEAR BEGINNING AFTER DECEMBER 31, 2020, BUT**
25 **BEFORE JANUARY 1, 2023, AN INDIVIDUAL MAY CLAIM A CREDIT AGAINST THE**
26 **STATE INCOME TAX IN THE AMOUNT STATED ON THE TAX CREDIT CERTIFICATE**
27 **ISSUED UNDER SUBSECTION (D) OF THIS SECTION.**

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

1 **(I) 100% OF THE QUALIFIED EXPENSES PAID OR INCURRED BY**
2 **THE INDIVIDUAL DURING THE TAXABLE YEAR; OR**

3 **(II) THE SUM OF:**

4 **1. A. \$4,000 FOR AN INDIVIDUAL; OR**

5 **B. \$8,000 FOR A MARRIED COUPLE FILING A JOINT TAX**
6 **RETURN; AND**

7 **2. AN AMOUNT EQUAL TO THE PRODUCT OF \$500**
8 **MULTIPLIED BY THE NUMBER OF DEPENDENT CHILDREN OF THE INDIVIDUAL.**

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

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

15 **(D) (1) SUBJECT TO THE LIMITATIONS OF THIS SUBSECTION, ON**
16 **APPLICATION BY AN INDIVIDUAL, THE DEPARTMENT SHALL ISSUE A TAX CREDIT**
17 **CERTIFICATE IN THE AMOUNT ALLOWABLE UNDER SUBSECTION (C) OF THIS**
18 **SECTION.**

19 **(2) THE APPLICATION SHALL BE IN THE FORM AND CONTAIN THE**
20 **INFORMATION THAT THE DEPARTMENT REQUIRES.**

21 **(3) THE DEPARTMENT SHALL:**

22 **(I) APPROVE ALL APPLICATIONS THAT QUALIFY FOR A TAX**
23 **CREDIT CERTIFICATE UNDER THIS SUBSECTION ON A FIRST-COME, FIRST-SERVED**
24 **BASIS; AND**

25 **(II) NOTIFY THE INDIVIDUAL WITHIN 30 DAYS AFTER THE**
26 **RECEIPT OF THE APPLICATION OF THE DEPARTMENT'S APPROVAL OR DENIAL OF**
27 **THE APPLICATION.**

28 **(4) FOR ANY TAXABLE YEAR, THE TOTAL AMOUNT OF CREDIT**
29 **CERTIFICATES ISSUED BY THE DEPARTMENT UNDER THIS SUBSECTION MAY NOT**
30 **EXCEED \$25,000,000.**

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

4 **(F) THE DEPARTMENT AND THE COMPTROLLER JOINTLY SHALL ADOPT**
5 **REGULATIONS TO:**

6 **(1) IMPLEMENT THE PROVISIONS OF THIS SECTION; AND**

7 **(2) SPECIFY CRITERIA AND PROCEDURES FOR THE APPLICATION**
8 **FOR, APPROVAL OF, AND MONITORING OF CONTINUING ELIGIBILITY FOR THE TAX**
9 **CREDIT UNDER THIS SECTION.**

10 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect July
11 1, 2021. It shall remain effective for a period of 2 years and, at the end of June 30, 2023,
12 this Act, with no further action required by the General Assembly, shall be abrogated and
13 of no further force and effect.