

HOUSE BILL 919

C8, Q3, Q4

5lr3168

By: **Delegate Palakovich Carr**

Introduced and read first time: January 31, 2025

Assigned to: Ways and Means

A BILL ENTITLED

1 AN ACT concerning

2 **State Tax Credits, Exemptions, and Deductions – Alterations and Repeal**

3 FOR the purpose of altering the termination dates of the Job Creation Tax Credit,
4 Opportunity Zone Enhancement Program, research and development tax credit,
5 biotechnology investment incentive tax credit, security clearance administrative
6 expense tax credit, and cybersecurity technology and service tax credit; providing for
7 the termination of the One Maryland Economic Development Tax Credit Program
8 on a certain date; altering eligibility for a certain tax credit for certain qualified
9 vehicles; repealing a certain discount that a licensed dealer or licensed special fuel
10 seller is allowed to deduct under the motor fuel tax; repealing certain sales and use
11 tax exemptions for sales relating to the production of concrete and baked goods,
12 precious metal bullion or coins, and certain construction materials and warehousing
13 equipment used in a target redevelopment area; altering a certain exemption from
14 the tobacco tax for tobacco brought into the State by certain consumers; and
15 generally relating to credits, exemptions, and deductions under the State income,
16 motor fuel, sales and use, and tobacco taxes.

17 BY repealing and reenacting, with amendments,
18 Article – Economic Development
19 Section 6–309(a) and 6–1002(b)(2)
20 Annotated Code of Maryland
21 (2024 Replacement Volume and 2024 Supplement)

22 BY adding to
23 Article – Economic Development
24 Section 6–407
25 Annotated Code of Maryland
26 (2024 Replacement Volume and 2024 Supplement)

27 BY repealing and reenacting, with amendments,

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



Chapter 515 of the Acts of the General Assembly of 2000, as amended by Chapter 98 of the Acts of the General Assembly of 2005, Chapter 20 of the Acts of the General Assembly of 2010, Chapter 85 of the Acts of the General Assembly of 2019, and Chapter 114 of the Acts of the General Assembly of 2021
Section 2 and 4

BY repealing and reenacting, with amendments,
Chapter 516 of the Acts of the General Assembly of 2000, as amended by Chapter 98 of the Acts of the General Assembly of 2005, Chapter 20 of the Acts of the General Assembly of 2010, Chapter 85 of the Acts of the General Assembly of 2019, and Chapter 114 of the Acts of the General Assembly of 2021
Section 2 and 4

BY repealing
Article – Tax – General
Section 9–315, 11–214.1, and 11–232
Annotated Code of Maryland
(2022 Replacement Volume and 2024 Supplement)

BY repealing and reenacting, with amendments,
Article – Tax – General
Section 10–725(c)(3)(ii), 10–732(b)(1), 10–733.1(d)(3), 10–734.1(b), 11–210, and 12–104(b)(3)(i)
Annotated Code of Maryland
(2022 Replacement Volume and 2024 Supplement)

BY repealing and reenacting, without amendments,
Article – Tax – General
Section 10–734.1(a)
Annotated Code of Maryland
(2022 Replacement Volume and 2024 Supplement)

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

Article – Economic Development

6–309.

(a) Subject to subsection (b) of this section, this subtitle and the tax credit authorized under it shall terminate on January 1, [2027] **2026**.

6–407.

(A) THIS SUBTITLE AND THE TAX CREDIT AUTHORIZED UNDER IT SHALL TERMINATE ON JANUARY 1, 2026.

(B) AFTER THE TERMINATION OF THIS SUBTITLE, TAX CREDITS EARNED MAY BE CARRIED FORWARD IN ACCORDANCE WITH § 6-403 OF THIS SUBTITLE.

6-1002.

(b) (2) The enhancements offered under the Program shall be applicable to all taxable years beginning after December 31, 2018, but before January 1, [2027] 2026.

Chapter 515 of the Acts of 2000, as amended by Chapter 98 of the Acts of 2005, Chapter 20 of the Acts of 2010, Chapter 85 of the Acts of 2019, and Chapter 114 of the Acts of 2021

SECTION 2. AND BE IT FURTHER ENACTED, That:

(a) Except as otherwise provided in this section, this Act shall be applicable to all taxable years beginning after December 31, 1999 but before January 1, [2026] 2025.

(b) If a taxpayer's taxable year for income tax purposes is not the calendar year:

(1) for the taxable year that ends in calendar year 2000, the taxpayer may apply for a prorated credit for research and development expenses paid or incurred in the taxable year for that part of the taxable year that falls in calendar year 2000; and

(2) for the taxable year that begins in calendar year [2025] 2024, the taxpayer may apply for only a prorated credit for research and development expenses paid or incurred in the taxable year for that part of the taxable year that falls in calendar year [2025] 2024.

SECTION 4. AND BE IT FURTHER ENACTED, That this Act shall take effect July 1, 2000. It shall remain effective for a period of [27] 26 years and, at the end of June 30, [2027] 2026, with no further action required by the General Assembly, this Act shall be abrogated and of no further force and effect.

Chapter 516 of the Acts of 2000, as amended by Chapter 98 of the Acts of 2005, Chapter 20 of the Acts of 2010, Chapter 85 of the Acts of 2019, and Chapter 114 of the Acts of 2021

SECTION 2. AND BE IT FURTHER ENACTED, That:

(a) Except as otherwise provided in this section, this Act shall be applicable to all taxable years beginning after December 31, 1999 but before January 1, [2026] 2025.

(b) If a taxpayer's taxable year for income tax purposes is not the calendar year:

(1) for the taxable year that ends in calendar year 2000, the taxpayer may apply for a prorated credit for research and development expenses paid or incurred in the taxable year for that part of the taxable year that falls in calendar year 2000; and

(2) for the taxable year that begins in calendar year **[2025] 2024**, the taxpayer may apply for only a prorated credit for research and development expenses paid or incurred in the taxable year for that part of the taxable year that falls in calendar year **[2025] 2024**.

SECTION 4. AND BE IT FURTHER ENACTED, That this Act shall take effect July 1, 2000. It shall remain effective for a period of **[27] 26** years and, at the end of June 30, **[2027] 2026**, with no further action required by the General Assembly, this Act shall be abrogated and of no further force and effect.

SECTION 2. AND BE IT FURTHER ENACTED, That the Laws of Maryland read as follows:

Article – Tax – General

10–725.

(c) (3) (ii) The Department may not issue any tax credit certificates under this section after June 30, **[2028] 2025**.

10–732.

(b) (1) Subject to the limitations of this section, for a taxable year beginning after December 31, 2022, but before January 1, **[2028] 2026**, an individual or a corporation that employs not more than 500 employees may claim credits against the State income tax for:

(i) security clearance administrative expenses, not to exceed \$200,000;

(ii) expenses incurred for rental payments owed during the first year of a rental agreement for spaces leased in the State if the individual or corporation is a small business that performs security-based contracting, not to exceed \$200,000; and

(iii) subject to paragraph (2) of this subsection, construction and equipment costs incurred to construct or renovate a single SCIF in an amount equal to the lesser of 50% of the costs or \$200,000.

10–733.1.

(d) (3) (i) The total amount of the credit certificates approved by the Secretary of Commerce under this subsection may not exceed:

1. for taxable year 2018, \$2,000,000; and

2. for taxable [year] YEARS 2019 [and each taxable year thereafter] **THROUGH 2025**, \$4,000,000.

(ii) For each taxable year, the Secretary of Commerce shall award 25% of the amount of tax credits authorized under subparagraph (i) of this paragraph to qualified buyers that purchase cybersecurity services.

(III) THE SECRETARY OF COMMERCE MAY NOT AWARD TAX CREDITS UNDER THIS SUBSECTION FOR A TAXABLE YEAR BEGINNING AFTER DECEMBER 31, 2025.

10-734.1.

(a) (1) In this section the following words have the meanings indicated.

(2) “Administration” means the Motor Vehicle Administration.

(3) “Qualified vehicle” means a Class F (tractor) vehicle described under § 13-923 of the Transportation Article that is titled and registered in the State.

(b) Subject to the limitations of this section, an individual or a corporation **HEADQUARTERED IN THE STATE** that obtains a tax credit certificate from the Administration may claim a credit against the State income tax for the expense of registering a qualified vehicle in the State during the taxable year.

SECTION 3. AND BE IT FURTHER ENACTED, That the Laws of Maryland read as follows:

Article – Tax – General

[9-315.

(a) A licensed dealer or licensed special fuel seller shall deduct 0.5% of the 1st 10 cents of the motor fuel tax on each gallon of motor fuel, as a discount:

(1) instead of an allowance for evaporation, shrinkage, and handling; and

(2) to reimburse the licensed dealer or licensed special fuel seller for expenses incurred for the State in:

(i) keeping records;

(ii) collecting and paying the tax; and

(iii) preparing reports.

(b) (1) This subsection does not apply to:

(i) any aviation gasoline; or

(ii) any other motor fuel on which the motor fuel tax has not been paid.

(2) From the discount under subsection (a) of this section:

(i) a licensed dealer who sells gasoline to a retail service station dealer shall deduct on the bill 1/2 of the discount;

(ii) a licensed dealer who sells gasoline to a licensed distributor or licensed special fuel seller shall deduct on the bill 2/3 of the discount;

(iii) a licensed distributor who sells motor fuel to a retail service station dealer shall deduct on the bill 1/3 of the discount;

(iv) a licensed special fuel seller who sells special fuel to a retail service station dealer shall deduct on the bill 1/2 of the discount;

(v) a licensed special fuel seller who sells special fuel to a licensed distributor shall deduct on the bill 2/3 of the discount; and

(vi) a licensed special fuel seller who sells gasoline to a licensed distributor shall deduct on the bill 1/3 of the discount.】

11–210.

(a) 【The sales and use tax does not apply to a sale of:

(1) machinery or equipment used to produce bituminous concrete; or

(2) electricity, fuel, and other utilities used to operate that machinery or equipment.

(b)】 The sales and use tax does not apply to a sale of:

(1) tangible personal property, a digital code, or a digital product used directly and predominantly in a production activity at any stage of operation on the production activity site from the handling of raw material or components to the movement of the finished product, if the tangible personal property, digital code, or digital product is not installed so that it becomes real property;

(2) a melting, smelting, heating, or annealing coke oven, aluminum furnace, anode bake oven, electrolytic pot, cathode, refractory, or other material used in relining and rebuilding a furnace or oven; or

(3) a foundation to support other machinery or equipment or an item required to conform to an air or water pollution law and normally considered part of real property.

[(c) The sales and use tax does not apply to a sale of equipment that is used by a retail food vendor to manufacture or process bread or bakery goods for resale if:

(1) the taxable price of each piece of equipment is at least \$2,000; and

(2) the retail food vendor operates a substantial grocery or market business, as defined in § 11–206(a) of this subtitle, at the same location where the food is sold.

(d) The sales and use tax does not apply to the sale, on or after January 1, 2000, but before January 1, 2008, of machinery or equipment:

(1) that enables a television or radio station to originate and broadcast or to receive and broadcast digital signals; and

(2) that was or is purchased to comply with or to facilitate compliance with the Telecommunications Act of 1996, Pub. L. 104–104, 110 Stat. 56.]

[(e)] **(B)** The sales and use tax does not apply to the sale of:

(1) machinery or equipment used directly and predominantly to produce Energy Star windows or Energy Star entry doors for residential real property; or

(2) electricity, fuel, and other utilities used to operate that machinery or equipment.

[11–214.1.

(a) In this section:

(1) “precious metal bullion or coins” means:

(i) any precious metal that has gone through a refining process and is in a state or condition such that its value depends on its precious metal content and not on its form; or

(ii) except as provided in paragraph (2) of this subsection, monetized bullion, coins, or other forms of money that:

1. are manufactured from precious metals; and

2. are or have in the past been used as a medium of exchange under the laws of the State, the United States, or a foreign nation; and

(2) “precious metal bullion or coins” does not include jewelry or a work of art made of precious metal bullion or coins.

(b) The sales and use tax does not apply to a sale of precious metal bullion or coins if the sale price is greater than \$1,000.]

[11–232.

(a) (1) In this section the following words have the meanings indicated.

(2) (i) “Construction material” means an item of tangible personal property that is used to construct or renovate a building, a structure, or an improvement on land and that typically loses its separate identity as personal property once incorporated into the real property.

(ii) “Construction material” includes building materials, building systems equipment, landscaping materials, and supplies.

(3) “Target redevelopment area” means any real property owned or leased by a person in Baltimore County that:

(i) was previously owned at any time by Bethlehem Steel Corporation, or any of its subsidiaries; and

(ii) was, as of January 1, 2016, the subject of an approved application for participation in the Voluntary Cleanup Program under Title 7, Subtitle 5 of the Environment Article.

(4) “Warehousing equipment” means equipment used for material handling and storage, including racking systems, conveying systems, and computer systems and equipment.

(b) The sales and use tax does not apply to a sale of construction material or warehousing equipment, if:

(1) the material or equipment is purchased by a person solely for use in a target redevelopment area; and

(2) the buyer provides the vendor with evidence of eligibility for the exemption issued by the Comptroller.]

12–104.

1 (b) The tobacco tax does not apply to:

2 (3) cigarettes or other tobacco products that:

3 (i) a consumer brings into the State:

4 1. if the quantity brought from another state does not exceed
5 other tobacco products having a retail value of \$100 or **[5 cartons] 1 CARTON** of cigarettes;
6 or

7 2. if the quantity brought from a United States armed forces
8 installation or reservation does not exceed other tobacco products having a retail value of
9 \$100 or **[5 cartons] 1 CARTON** of cigarettes;

10 SECTION 4. AND BE IT FURTHER ENACTED, That Section 2 of this Act shall be
11 applicable to all taxable years beginning after December 31, 2024.

12 SECTION 5. AND BE IT FURTHER ENACTED, That Sections 2 and 3 of this Act
13 shall take effect July 1, 2025.

14 SECTION 6. AND BE IT FURTHER ENACTED, That, except as provided in Section
15 5 of this Act, this Act shall take effect June 1, 2025.