SENATE BILL 333

Q3 2lr2138
SB 900/21 – B&T CF 2lr1631

By: **Senator Young**
Introduced and read first time: January 20, 2022
Assigned to: Budget and Taxation

A BILL ENTITLED

AN ACT concerning

Income Tax – Subtraction Modification – Expenses of Medical Cannabis Grower, Processor, Dispensary, or Independent Testing Laboratory

FOR the purpose of allowing a subtraction modification under the Maryland income tax for certain expenses paid or incurred during the taxable year in carrying on a trade or business as a certain medical cannabis grower, processor, dispensary, or independent testing laboratory; and generally relating to an income tax subtraction modification for certain expenses of medical cannabis growers, processors, dispensaries, or independent testing laboratories.

BY repealing and reenacting, without amendments,
Article – Tax – General
Section 10–208(a) and 10–308(a)
Annotated Code of Maryland
(2016 Replacement Volume and 2021 Supplement)

BY adding to
Article – Tax – General
Section 10–208(bb)
Annotated Code of Maryland
(2016 Replacement Volume and 2021 Supplement)

BY repealing and reenacting, with amendments,
Article – Tax – General
Section 10–308(b)
Annotated Code of Maryland
(2016 Replacement Volume and 2021 Supplement)

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

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

Article – Tax – General

10–208.

(a) In addition to the modification under § 10–207 of this subtitle, the amounts under this section are subtracted from the federal adjusted gross income of a resident to determine Maryland adjusted gross income.

(BB) (1) THE SUBTRACTION UNDER SUBSECTION (A) OF THIS SECTION INCLUDES THE AMOUNT OF ORDINARY AND NECESSARY EXPENSES PAID OR INCURRED DURING THE TAXABLE YEAR IN CARRYING ON A TRADE OR A BUSINESS AS A MEDICAL CANNABIS GROWER, PROCESSOR, OR DISPENSARY LICENSED UNDER TITLE 13, SUBTITLE 33 OF THE HEALTH – GENERAL ARTICLE OR AN INDEPENDENT TESTING LABORATORY REGISTERED IN ACCORDANCE WITH § 13–3311 OF THE HEALTH – GENERAL ARTICLE IF THE DEDUCTION FOR ORDINARY AND NECESSARY EXPENSES IS DISALLOWED UNDER § 280E OF THE INTERNAL REVENUE CODE.

(2) THE SUBTRACTION ALLOWED UNDER PARAGRAPH (1) OF THIS SUBSECTION INCLUDES A REASONABLE ALLOWANCE FOR SALARIES OR OTHER COMPENSATION FOR PERSONAL SERVICES ACTUALLY RENDERED DURING THE TAXABLE YEAR.

10–308.

(a) In addition to the modification under § 10–307 of this subtitle, the amounts under this section are subtracted from the federal taxable income of a corporation to determine Maryland modified income.

(b) The subtraction under subsection (a) of this section includes the amounts allowed to be subtracted for an individual under:

(1) § 10–208(d) of this title (Enhanced agricultural management equipment expenses);

(2) § 10–208(i) of this title (Reforestation or timber stand expenses);

(3) § 10–208(k) of this title (Wage expenses for targeted jobs);

(4) § 10–208(p) of this title (Elevator handrails in health care facilities); **[**and**]**

(5) § 10–208(z) of this title (Donations to diaper banks and other charitable entities)**; AND**

(6) § 10–208(BB) OF THIS TITLE (TRADE OR BUSINESS EXPENSES OF

MEDICAL CANNABIS GROWER, PROCESSOR, DISPENSARY, OR INDEPENDENT TESTING LABORATORY).

SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect July 1, 2022, and shall be applicable to all taxable years beginning after December 31, 2021.