

Chapter 440

(House Bill 551)

AN ACT concerning

Office of Statewide Broadband – Study of Broadband Expansion Incentive Act of 2023 Incentives

FOR the purpose of ~~allowing a subtraction modification under the Maryland income tax for certain qualified broadband grants awarded during the taxable year for broadband deployment; providing an exemption from the sales and use tax for the sale of certain equipment related to providing Internet service and deploying~~ requiring the Office of Statewide Broadband within the Department of Housing and Community Development to conduct a certain study and report to the Governor and the General Assembly on or before a certain date on certain incentives to encourage the expansion of broadband infrastructure in the State; and generally relating to ~~tax~~ a study on broadband expansion incentives for broadband deployment.

~~BY repealing and reenacting, without amendments,
Article Tax General
Section 10-207(a) and 10-307(a)
Annotated Code of Maryland
(2022 Replacement Volume)~~

~~BY adding to
Article Tax General
Section 10-207(o), 10-307(g)(7), and 11-245
Annotated Code of Maryland
(2022 Replacement Volume)~~

~~BY repealing and reenacting, with amendments,
Article Tax General
Section 10-307(g)(5) and (6)
Annotated Code of Maryland
(2022 Replacement Volume)~~

SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND, That ~~the Laws of Maryland read as follows~~ the Office of Statewide Broadband within the Department of Housing and Community Development shall:

(1) study and make recommendations regarding:

(i) how the State can incentivize broadband service providers to expand broadband infrastructure to communities that are unserved or underserved, including through either regulatory or financial incentives;

(ii) how the State can ensure that federal broadband infrastructure grants are deployed to best serve the needs of Marylanders; and

(iii) how other states have encouraged private investment in broadband networks and how this State might implement similar measures; and

(2) on or before ~~July~~ January 1, 2024, submit its findings and recommendations to the Governor and, in accordance with § 2-1257 of the State Government Article, the General Assembly.

~~Article – Tax – General~~

~~10-207.~~

~~(a) To the extent included in federal adjusted gross income, the amounts under this section are subtracted from the federal adjusted gross income of a resident to determine Maryland adjusted gross income.~~

~~(OO) (1) IN THIS SUBSECTION, “QUALIFIED BROADBAND GRANT” MEANS ANY FEDERAL GRANT FOR BROADBAND INFRASTRUCTURE AND MADE FOR THE PURPOSE OF BROADBAND DEPLOYMENT.~~

~~(2) THE SUBTRACTION UNDER SUBSECTION (A) OF THIS SECTION INCLUDES THE AMOUNT OF ANY QUALIFIED BROADBAND GRANT AWARDED TO THE TAXPAYER DURING THE TAXABLE YEAR.~~

~~10-307.~~

~~(a) To the extent included in federal taxable income, the amounts under this section are subtracted from the federal taxable income of a corporation to determine Maryland modified income.~~

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

~~(5) § 10-207(hh) of this title (Gain on the transfer of property within the Laurel Park site or Pimlico site or Bowie Race Course Training Center property and income recognized as result of governmental expenditures); ~~or~~~~

~~(6) § 10-207(jj) of this title (Coronavirus relief payments); ~~OR~~~~

~~(7) § 10-207(OO) OF THIS TITLE (QUALIFIED BROADBAND GRANTS).~~

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

~~Article Tax General~~

~~11-245.~~

~~(A) IN THIS SECTION, "NETWORK EQUIPMENT" MEANS MODEMS, FIBER OPTIC CABLES, COAXIAL CABLES, RADIO EQUIPMENT, ROUTING EQUIPMENT, SWITCHING EQUIPMENT, CABLE MODEM TERMINATION SYSTEMS, ASSOCIATED SOFTWARE, TRANSMITTERS, POWER EQUIPMENT, STORAGE DEVICES, SERVERS, MULTIPLEXERS, AND ANTENNAS THAT ARE USED TO PROVIDE INTERNET SERVICE OR DEPLOY BROADBAND.~~

~~(B) THE SALES AND USE TAX DOES NOT APPLY TO THE SALE OF NETWORK EQUIPMENT.~~

~~SECTION 3. AND BE IT FURTHER ENACTED, That Section 1 of this Act shall be applicable to all taxable years beginning after December 31, 2022.~~

~~SECTION 4. 2. AND BE IT FURTHER ENACTED, That this Act shall take effect July 1, 2023. Section 2 of this Act shall remain effective for a period of 5 years and, at the end of June 30, 2028, Section 2 of this Act, with no further action required by the General Assembly, shall be abrogated and of no further force and effect.~~

Approved by the Governor, May 8, 2023.