

# SENATE BILL 246

Q3

6lr0859

---

By: **Senator Manno**

Introduced and read first time: January 22, 2016

Assigned to: Budget and Taxation

---

## A BILL ENTITLED

1 AN ACT concerning

2 **Income Tax Credit – Security Clearances – Employer Costs – Extension**

3 FOR the purpose of extending the number of taxable years for which an individual or  
4 corporation may claim a credit against the State income tax for certain costs incurred  
5 to obtain federal security clearances, to rent certain spaces, and to construct or  
6 renovate certain sensitive compartmented information facilities in the State; making  
7 certain stylistic changes; and generally relating to a credit against the State income  
8 tax for costs related to federal security clearances.

9 BY repealing and reenacting, with amendments,  
10 Article – Tax – General  
11 Section 10–732  
12 Annotated Code of Maryland  
13 (2010 Replacement Volume and 2015 Supplement)

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

16 **Article – Tax – General**

17 10–732.

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

19 (2) “Costs” means the costs to an individual or corporation for:

20 (i) security clearance administrative expenses incurred with regard  
21 to an employee in the State including, but not limited to:

22 1. processing application requests for clearances for  
23 employees in the State;

---

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.





1 (ii) If the total amount of credits applied for by all individuals and  
2 corporations under subsection (b) of this section exceeds the maximum specified under  
3 subparagraph (i) of this paragraph, the Department shall approve a credit under subsection  
4 (b) of this section for each applicant in an amount equal to the product of multiplying the  
5 credit applied for by the applicant times a fraction:

6 1. the numerator of which is the maximum specified under  
7 subparagraph (i) of this paragraph; and

8 2. the denominator of which is the total of all credits applied  
9 for by all applicants under subsection (b) of this section in the calendar year.

10 (3) By December 15 of the calendar year following the end of the taxable  
11 year in which the costs were incurred, the Department shall certify to the individual or  
12 corporation the amount of tax credits approved by the Department for the individual or  
13 corporation under this section.

14 (4) To claim the approved credits allowed under this section, an individual  
15 or a corporation shall:

16 (i) file an amended income tax return for the taxable year in which  
17 the costs were incurred; and

18 (ii) attach a copy of the Department's certification of the approved  
19 credit amount to the amended income tax return.

20 (d) If the credit allowed for any taxable year under this section exceeds the total  
21 tax otherwise due, an individual or corporation may apply the excess as a credit against  
22 the State income tax for succeeding taxable years until the full amount of the excess is  
23 used.

24 (e) The Department, in consultation with the Comptroller, shall adopt  
25 regulations to carry out the provisions of this section.

26 (f) In accordance with § 2.5-109 of the Economic Development Article, the  
27 Department shall submit a report on the number of credits certified in the previous  
28 calendar year.

29 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect July  
30 1, 2016.