

percentage depletion allowance as claimed and allowed under Section 613 of the Internal Revenue Code; AND (5) FOR ALL TAXABLE YEARS BEGINNING AFTER DECEMBER 31, 1974, 50 PERCENT OF THE SUM OF THE ITEMS OF TAX PREFERENCE AS DETERMINED UNDER THE PROVISIONS OF SECTION 280B OF THIS SUBTITLE.]]

SECTION 2. AND BE IT FURTHER ENACTED, That new Section 280B be and it is hereby added to Article 81 - Revenue and Taxes, of the Annotated Code of Maryland (1969 Replacement Volume and 1974 Supplement) to read as follows:

Article 81 - Revenue and Taxes

280B.

(A) FOR PURPOSES OF THIS SUBTITLE, ITEMS OF TAX PREFERENCE ARE THOSE ITEMS OF TAX PREFERENCE AS DETERMINED AND DEFINED IN SECTIONS 57 AND 58 OF THE INTERNAL REVENUE CODE, AS AMENDED FROM TIME TO TIME, THE SUM TOTAL OF WHICH IS IN EXCESS OF:

(1) \$30,000 AS SPECIFIED AND APPORTIONED UNDER THE PROVISIONS OF SECTIONS 57 AND 58, RESPECTIVELY, OF THE INTERNAL REVENUE CODE, AS AMENDED FROM TIME TO TIME[; AND

(2) THE TAXPAYER'S MARYLAND STATE INCOME TAXES IMPOSED BY THIS SUBTITLE FOR THE TAXABLE YEAR (COMPUTED WITHOUT REGARD TO SECTIONS 280 (B) (6) AND 280A (B) (5)), REDUCED BY THE CREDITS ALLOWED UNDER

(I) SECTION 288 (G) RELATIVE TO PERSONAL PROPERTY TAX CREDITS,

(II) SECTION 290 RELATING TO RESIDENT TAX CREDIT, AND

(III) SECTION 291 RELATING TO NONRESIDENT TAX CREDIT.]]

(B) A "TAX OPTION" CORPORATION WHICH HAS ELECTED TO FILE ITS FEDERAL INCOME TAX RETURN UNDER THE PROVISIONS OF SECTION 1371 OF SUBCHAPTER "S" OF THE INTERNAL REVENUE CODE AND FOR PURPOSES OF SUBSECTION (A) OF THIS SECTION, SHALL ACCOUNT FOR ITS TAX PREFERENCE ITEMS AS BELONGING TO THE CORPORATION. THESE ITEMS OF TAX PREFERENCE MAY NOT BE TREATED AS BELONGING TO THE INDIVIDUAL SHAREHOLDERS OF THE CORPORATION.

(C) THE DETERMINATION OF THE TAX PREFERENCE ITEMS OF A NONRESIDENT INDIVIDUAL UNDER SUBSECTION (A) OF THIS