

(ii) the interest expense or intangible expense was not paid pursuant to arm's-length contracts at an arm's-length rate of interest or price; or

(iii) the aggregate effective tax rate imposed on the amounts received by the recipient exceeds the aggregate effective tax rate imposed on the income of the payor corporation.

(g) This section may not be construed:

(1) to require a corporation to include in or add to its net income more than once any amount of interest expense or intangible expense that the corporation pays, accrues, or incurs to a related member; or

(2) to limit or negate any other authority provided to the Comptroller under this article, including:

(i) the authority to make adjustments under § 10-109 or § 10-402(d) of this title; or

(ii) the authority to enter into agreements and compromises otherwise allowed by law.

(h) The Comptroller shall adopt any regulations that are necessary or appropriate to implement this section.

SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect July 1, 2005, and shall be applicable to all taxable years beginning after December 31, 2004.

May 26, 2005

The Honorable Michael E. Busch
Speaker of the House
State House
Annapolis, MD 21401

Dear Mr. Speaker:

In accordance with Article II, Section 17 of the Maryland Constitution, today I have vetoed House Bill 643 – *Frederick County – County Commissioners – Salaries*.

This bill increases the salaries of the County Commissioners of Frederick County to \$45,000 per year and provides that the Act does not apply to the salaries or compensation of the incumbent County Commissioners.

Senate Bill 509, which was passed by the General Assembly and signed by me, accomplishes the same purpose. Therefore, it is not necessary for me to sign House Bill 643.

Very truly yours,
Robert L. Ehrlich, Jr.
Governor