

the Department may approve for any calendar year to a certain amount; requiring the Department to approve a prorated credit for each applicant if the total amount applied for exceeds the maximum that may be approved; providing that certain unused credits may be carried forward to certain taxable years; requiring a certain addition modification if a certain credit is claimed; requiring the Comptroller to adopt certain regulations; requiring the Department of Business and Economic Development and the Comptroller jointly to adopt certain regulations; defining certain terms; requiring the submission of a certain report by a certain date; providing for the application and termination of this Act; and generally relating to certain credits against the State income tax based on certain expenses paid or incurred for certain research and development conducted in the State.

BY adding to

Article - Tax - General

Section 10-205(i) and 10-718

Annotated Code of Maryland

(1997 Replacement Volume and 1999 Supplement)

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

Article - Tax - General

10-205.

(I) THE ADDITION UNDER SUBSECTION (A) OF THIS SECTION INCLUDES THE AMOUNT OF A CREDIT CLAIMED UNDER § 10-718 OF THIS TITLE FOR MARYLAND QUALIFIED RESEARCH AND DEVELOPMENT EXPENSES.

10-718.

(A) (1) IN THIS SECTION THE FOLLOWING WORDS HAVE THE MEANINGS INDICATED.

(2) "DEPARTMENT" MEANS THE DEPARTMENT OF BUSINESS AND ECONOMIC DEVELOPMENT.

(3) "MARYLAND BASE AMOUNT" MEANS THE BASE AMOUNT AS DEFINED IN § 41(C) OF THE INTERNAL REVENUE CODE THAT IS ATTRIBUTABLE TO MARYLAND, DETERMINED BY:

(I) SUBSTITUTING "MARYLAND QUALIFIED RESEARCH AND DEVELOPMENT EXPENSE" FOR "QUALIFIED RESEARCH EXPENSE";

(II) SUBSTITUTING "MARYLAND QUALIFIED RESEARCH AND DEVELOPMENT" FOR "QUALIFIED RESEARCH"; AND

(III) USING, INSTEAD OF THE "FIXED BASE PERCENTAGE":