

CHAPTER 584

(House Bill 1257)

AN ACT concerning

Income Tax - Captive Real Estate Investment Trusts

FOR the purpose of requiring that a certain deduction for dividends paid be added to federal taxable income to determine Maryland modified income of certain real estate investment trusts for Maryland income tax purposes; defining a certain term; providing for the application of this Act; and generally relating to a Maryland income tax addition modification in the amount of the dividends paid deduction for certain real estate investment trusts.

BY adding to

Article - Tax - General

Section 10-306.2

Annotated Code of Maryland

(2004 Replacement Volume and 2006 Supplement)

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

Article - Tax - General

10-306.2.

(A) IN THIS SECTION:

(1) "CAPTIVE REIT" MEANS A CORPORATION, TRUST, OR ASSOCIATION:

~~(1)~~ (I) THAT IS CONSIDERED A REAL ESTATE INVESTMENT TRUST FOR THE TAXABLE YEAR UNDER § 856 OF THE INTERNAL REVENUE CODE;

~~(2)~~ (II) THAT IS NOT ~~PUBLICLY TRADED~~ REGULARLY TRADED ON AN ESTABLISHED SECURITIES MARKET; AND

~~(3)~~ (III) MORE THAN 50% OF THE VOTING POWER OR VALUE OF THE BENEFICIAL INTERESTS OR SHARES OF WHICH ARE, AT ANY TIME DURING THE LAST HALF OF THE TAXABLE YEAR, IS OWNED OR CONTROLLED, DIRECTLY