

(PRE-FILED)

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By: **Delegate Cryor**  
Requested: November 10, 2004  
Introduced and read first time: January 12, 2005  
Assigned to: Ways and Means

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A BILL ENTITLED

1 AN ACT concerning

2 **Income Tax Subtraction Modification for Cost of Employee Teleworking**  
3 **Expenses**

4 FOR the purpose of providing a subtraction modification under the Maryland income  
5 tax for costs incurred by an employer for certain teleworking expenses of certain  
6 employees; providing that the subtraction modification of each employer may  
7 not exceed a certain amount; providing for applications to the Secretary of  
8 Transportation for approval of the credit and certification by the Secretary to  
9 employers of approved credit amounts; providing that the total amount of the  
10 subtraction modification allowed for all employers may not exceed a certain  
11 amount; requiring the Secretary to submit a certain report; specifying the  
12 contents of the report; defining certain terms; providing for the application and  
13 termination of this Act; and generally relating to an income tax subtraction  
14 modification for certain employer costs incurred for certain employee  
15 teleworking expenses.

16 BY repealing and reenacting, without amendments,  
17 Article - Tax - General  
18 Section 10-208(a) and 10-308(a)  
19 Annotated Code of Maryland  
20 (2004 Replacement Volume)

21 BY adding to  
22 Article - Tax - General  
23 Section 10-208(q)  
24 Annotated Code of Maryland  
25 (2004 Replacement Volume)

26 BY repealing and reenacting, with amendments,  
27 Article - Tax - General  
28 Section 10-308(b)  
29 Annotated Code of Maryland

1 (2004 Replacement Volume)

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

4 **Article - Tax - General**

5 10-208.

6 (a) In addition to the modification under § 10-207 of this subtitle, the  
7 amounts under this section are subtracted from the federal adjusted gross income of  
8 a resident to determine Maryland adjusted gross income.

9 (Q) (1) (I) IN THIS SUBSECTION THE FOLLOWING WORDS HAVE THE  
10 MEANINGS INDICATED.

11 (II) 1. "ELIGIBLE EMPLOYEE TELEWORKING EXPENSES" MEANS  
12 EXPENSES PAID BY AN EMPLOYER FOR EQUIPMENT OR SERVICES THAT ARE USED BY  
13 AN EMPLOYEE TO TELEWORK.

14 2. "ELIGIBLE EMPLOYEE TELEWORKING EXPENSES"  
15 INCLUDES THE COSTS FOR:

16 A. INSTALLING AND MAINTAINING COMPUTERS, CABLE  
17 MODEM OR TELEPHONE LINES, AND TELECOMMUNICATIONS EQUIPMENT AT THE  
18 PRIVATE RESIDENCE OF AN EMPLOYEE WHO HAS BEEN AUTHORIZED TO TELEWORK  
19 BY THE EMPLOYER OR AT AN ALTERNATE WORK SITE THAT HAS BEEN APPROVED BY  
20 THE EMPLOYER; AND

21 B. PAYING FOR CABLE MODEM OR TELECOMMUNICATIONS  
22 SERVICES, SUCH AS A MONTHLY FEE FOR CONNECTION TO THE INTERNET, THAT ARE  
23 NECESSARY FOR AN EMPLOYEE WHO HAS BEEN AUTHORIZED TO TELEWORK BY AN  
24 EMPLOYER.

25 3. "ELIGIBLE EMPLOYEE TELEWORKING EXPENSES" DOES  
26 NOT INCLUDE COSTS INCURRED FOR USE OF EQUIPMENT OR SERVICES FOR  
27 PURPOSES OTHER THAN TELEWORKING.

28 (III) "EMPLOYER" MEANS A PERSON CONDUCTING OR OPERATING A  
29 TRADE OR BUSINESS IN THE STATE.

30 (IV) "SECRETARY" MEANS THE SECRETARY OF TRANSPORTATION.

31 (V) "TELEWORKING" MEANS USING CABLE MODEM OR  
32 TELECOMMUNICATIONS TECHNOLOGY TO WORK AT A LOCATION OTHER THAN A  
33 TRADITIONAL OFFICE SETTING.

34 (2) (I) SUBJECT TO SUBPARAGRAPH (II) OF THIS PARAGRAPH, THE  
35 SUBTRACTION UNDER SUBSECTION (A) OF THIS SECTION INCLUDES 100% OF THE

1 COSTS INCURRED BY AN EMPLOYER DURING THE TAXABLE YEAR FOR ELIGIBLE  
2 EMPLOYEE TELEWORKING EXPENSES.

3 (II) THE SUBTRACTION UNDER THIS SUBSECTION MAY NOT  
4 EXCEED \$5,000 FOR ANY TAXABLE YEAR.

5 (3) (I) TO QUALIFY FOR THE SUBTRACTION MODIFICATION UNDER  
6 THIS SUBSECTION, AN EMPLOYER SHALL SUBMIT AN APPLICATION TO THE  
7 SECRETARY, ON OR BEFORE OCTOBER 1 OF EACH YEAR, FOR APPROVAL OF THE  
8 SUBTRACTION MODIFICATION FOR A TAXABLE YEAR THAT BEGINS IN THE NEXT  
9 CALENDAR YEAR.

10 (II) THE TOTAL AMOUNT OF SUBTRACTION MODIFICATIONS  
11 APPROVED BY THE SECRETARY FOR EACH CALENDAR YEAR UNDER THIS  
12 SUBSECTION MAY NOT EXCEED:

- 13 1. \$100,000 IN 2006;
- 14 2. \$175,000 IN 2007; AND
- 15 3. \$250,000 IN 2008.

16 (III) IF THE TOTAL AMOUNT OF SUBTRACTION MODIFICATIONS  
17 APPLIED FOR BY ALL EMPLOYERS EXCEEDS THE MAXIMUM SPECIFIED IN  
18 SUBPARAGRAPH (II) OF THIS PARAGRAPH, THE SECRETARY SHALL APPROVE  
19 SUBTRACTION MODIFICATIONS UNDER THIS SUBSECTION IN THE ORDER IN WHICH  
20 APPLICATIONS WERE RECEIVED.

21 (IV) ON OR BEFORE NOVEMBER 15 OF EACH YEAR, THE SECRETARY  
22 SHALL CERTIFY TO EACH EMPLOYER THE SUBTRACTION MODIFICATION APPROVED  
23 FOR THE EMPLOYER UNDER THIS SUBSECTION FOR THE TAXABLE YEAR THAT  
24 BEGINS IN THE NEXT CALENDAR YEAR.

25 (V) TO CLAIM THE SUBTRACTION MODIFICATIONS UNDER THIS  
26 SUBSECTION, AN EMPLOYER SHALL ATTACH A COPY OF THE SECRETARY'S  
27 CERTIFICATION OF THE SUBTRACTION MODIFICATION TO THE EMPLOYER'S INCOME  
28 TAX RETURN.

29 (4) ON OR BEFORE DECEMBER 15 OF EACH YEAR, THE SECRETARY  
30 SHALL SUBMIT TO THE COMPTROLLER AND, SUBJECT TO § 2-1246 OF THE STATE  
31 GOVERNMENT ARTICLE, THE PRESIDENT OF THE SENATE AND THE SPEAKER OF THE  
32 HOUSE OF DELEGATES A REPORT ON THE SUBTRACTION MODIFICATIONS APPROVED  
33 UNDER THIS SUBSECTION FOR THE TAXABLE YEAR THAT BEGINS IN THE NEXT  
34 CALENDAR YEAR, INCLUDING:

35 (I) THE TOTAL NUMBER OF EMPLOYERS THAT APPLIED FOR THE  
36 SUBTRACTION MODIFICATIONS UNDER THIS SUBSECTION AND THE TOTAL NUMBER  
37 OF EMPLOYERS APPROVED;

1 (II) THE TOTAL AMOUNT OF SUBTRACTION MODIFICATIONS  
2 SOUGHT BY ALL EMPLOYERS AND THE TOTAL AMOUNT OF SUBTRACTION  
3 MODIFICATIONS APPROVED BY THE SECRETARY FOR ALL EMPLOYERS; AND

4 (III) FOR EACH EMPLOYER APPROVED:

5 1. THE NAME AND PHYSICAL LOCATION OF THE EMPLOYER  
6 IN THE STATE;

7 2. THE NUMBER OF EMPLOYEES THAT WOULD BE  
8 TELEWORKING UNDER THE EMPLOYER AND FOR WHOM THE EMPLOYER IS SEEKING  
9 THE SUBTRACTION MODIFICATIONS;

10 3. THE ELIGIBLE EMPLOYEE TELEWORKING EXPENSES FOR  
11 EACH EMPLOYEE; AND

12 4. THE AMOUNT OF SUBTRACTION MODIFICATIONS SOUGHT  
13 BY THE EMPLOYER AND THE AMOUNT OF SUBTRACTION MODIFICATIONS APPROVED  
14 BY THE SECRETARY.

15 (5) THE SECRETARY SHALL ADOPT REGULATIONS NECESSARY TO  
16 CARRY OUT THE PROVISIONS OF THIS SUBSECTION.

17 10-308.

18 (a) In addition to the modification under § 10-307 of this subtitle, the  
19 amounts under this section are subtracted from the federal taxable income of a  
20 corporation to determine Maryland modified income.

21 (b) The subtraction under subsection (a) of this section includes the amounts  
22 allowed to be subtracted for an individual under:

23 (1) § 10-208(d) of this title (Conservation tillage equipment expenses);

24 (2) § 10-208(i) of this title (Reforestation or timber stand expenses);

25 (3) § 10-208(k) of this title (Wage expenses for targeted jobs);

26 (4) § 10-208(m) of this title (Poultry or livestock manure spreading  
27 equipment); [and]

28 (5) § 10-208(p) of this title (Elevator handrails in health care facilities);  
29 AND

30 (6) § 10-208(Q) OF THIS TITLE (ELIGIBLE EMPLOYEE TELEWORKING  
31 EXPENSES).

32 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect  
33 July 1, 2005, and shall be applicable to all taxable years beginning after December 31,  
34 2005, but before January 1, 2009. It shall remain effective for a period of 4 years and,

- 1 at the end of June 30, 2009, with no further action required by the General Assembly,
- 2 this Act shall be abrogated and of no further force and effect.