

SB0444/769730/1

BY: Budget and Taxation Committee

AMENDMENTS TO SENATE BILL 444
(First Reading File Bill)

AMENDMENT NO. 1

On page 1, in line 2, after “Reporting” insert “and Study”; in line 3, after the first “of” insert “altering the membership of a certain business tax study commission; limiting to certain taxable years a requirement for certain corporations engaged in manufacturing to submit certain reports as part of their income tax returns; altering the circumstances under which an individual is required to attach to an income tax return or otherwise file with the Comptroller a copy of the individual’s federal income tax return;”; in the same line, strike “certain definitions” and substitute “a certain definition and repealing certain definitions”; strike beginning with “prohibiting” in line 6 down through “officials;” in line 7; in line 9, strike “a”; in line 10, strike “report” and substitute “reports”; in line 14, strike “corporations” and substitute “persons”; and in line 17, after “Section” insert “10-110(c), 10-402(c)(2)(vi) and (vii), 10-804(e)(3)(ii), and”.

AMENDMENT NO. 2

On page 2, after line 1, insert:

“10-110.

(c) The Commission shall be composed of [17] **19** members, as follows:

(1) a chair, appointed by the Governor;

(2) three members of the Senate Budget and Taxation Committee, appointed by the President of the Senate;

(Over)

(3) three members of the House Committee on Ways and Means, appointed by the Speaker of the House;

(4) the Comptroller of the Treasury, or the Comptroller's designee;

(5) the Secretary of Business and Economic Development, or the Secretary's designee;

(6) the Secretary of Budget and Management, or the Secretary's designee;

(7) the Director of the State Department of Assessments and Taxation, or the Director's designee;

(8) a representative of the Maryland Association of Counties;

(9) a representative of the Maryland Municipal League;

(10) a representative of the Maryland Chamber of Commerce; [and]

(11) A REPRESENTATIVE OF THE GREATER BALTIMORE COMMITTEE;

(12) A REPRESENTATIVE OF AN ORGANIZATION THAT REPRESENTS MARYLAND MANUFACTURERS, APPOINTED BY THE GOVERNOR; AND

[(11)] (13) three members of the public, each of whom shall be an attorney at law or an accountant knowledgeable about the State's business tax structure, appointed by the Governor."

AMENDMENT NO. 3

On page 2, before line 2, insert:

“10-402.

(c) (2) (vi) As part of its tax return for a taxable year beginning after December 31, 2005, **BUT BEFORE JANUARY 1, 2011**, each manufacturing corporation that has more than 25 employees and apportions its income under this paragraph shall submit a report, in the form that the Comptroller requires by regulation, that describes for each taxable year as of the last day of the taxable year the following:

1. the difference in tax owed as a result of using the single sales factor apportionment method under this paragraph as compared to the tax owed using the 3-factor double weighted sales factor apportionment method in effect for the last taxable year beginning on or before December 31, 2000;

2. volume of sales in the State and worldwide;

3. taxable income in the State and worldwide; and

4. book value of plant, land, and equipment in the State and worldwide.

(vii) On or before [December 1, 2008] **MARCH 1, 2009**, and [December] **MARCH 1** of each year thereafter, and notwithstanding any confidentiality requirements, the Comptroller shall prepare and submit to the Governor and, subject to § 2-1246 of the State Government Article, to the General Assembly, a comprehensive report on the use of single sales factor apportionment by manufacturing corporations that provides, at a minimum:

1. the number of corporations filing tax returns for the taxable year that ended during the **SECOND** preceding calendar year that use single sales factor apportionment and the number of such corporations having a Maryland income tax liability for that taxable year;

(Over)

2. the number of corporations paying less in Maryland income tax for that taxable year as a result of using single sales factor apportionment and the aggregate amount of Maryland income tax savings for all such corporations for that taxable year as a result of using single sales factor apportionment; and

3. the number of corporations paying more in Maryland income tax for the taxable year as a result of using single sales factor apportionment and the aggregate amount of additional Maryland income tax owed by those corporations for the taxable year as a result of using single sales factor apportionment.”.

On page 8, in lines 25 and 26, strike “**DECEMBER OF 2008 AND**”.

AMENDMENT NO. 4

On page 2, in line 2, strike “10-804.1.” and substitute:

“10-804.

(e) Each person required under this subtitle to file an income tax return or estimated income tax declaration or return shall:

(3) attach to an income tax return or otherwise file with the Comptroller any records or statements that the Comptroller requires, including:

(ii) a copy of the federal income tax return:

1. for a corporation; **AND**

2. [for an individual who reports income or loss from a sole proprietorship (Schedule C of Form 1040) or income or loss from rental real estate

and royalties, partnerships and S corporations, estates and trusts, or real estate mortgage investment conduits (Schedule E of Form 1040); and

3.] if the Comptroller requests, for an individual [other than one described in item 2 of this item];

10-804.1.”.

AMENDMENT NO. 5

On page 2, in line 3, strike “(1)”; strike beginning with the first “the” in line 3 down through “Corporate” in line 4 and substitute “:

(1) CORPORATE”;

in lines 5, 7, 8, and 9, in each instance, strike the brackets; in lines 5, 7, 8, and 9, strike “1.”, “2.”, “A.” and “B.”, respectively; in line 13, after “group” insert “;**AND**”; and in line 14, strike “**CORPORATE**” and substitute “**CORPORATE**”.

On pages 2 and 3, strike in their entirety the lines beginning with line 17 on page 2 through line 17 on page 3, inclusive.

On page 3, in line 19, strike the bracket.

On pages 3 through 6, strike in their entirety the lines beginning with line 20 on page 3 through line 10 on page 6, inclusive.

On page 6, in line 11, strike “(I)” and substitute “**(1)**”; in the same line, strike “**PROVIDE A COPY OF A**” and substitute “**A PRO FORMA**”; in line 12, strike “**REPORT CALCULATION**” and substitute “**CORPORATE INCOME TAX RETURN**”; strike beginning with “**ANOTHER**” in line 12 down through “**TAX**” in line 18 and substitute “**REGULATIONS ADOPTED BY THE COMPTROLLER; AND**”

(Over)

(2) IN A FORMAT SPECIFIED BY THE COMPTROLLER:

(I) THE SALES FACTOR THAT WOULD BE CALCULATED FOR THIS STATE AND THE DIFFERENCE IN MARYLAND INCOME TAX THAT WOULD BE OWED IF THE CORPORATION WERE REQUIRED TO INCLUDE IN THE NUMERATOR OF THE SALES FACTOR FOR PURPOSES OF APPORTIONING INCOME TO THE STATE ALL SALES OF PROPERTY SHIPPED FROM AN OFFICE, STORE, WAREHOUSE, FACTORY, OR OTHER PLACE OF STORAGE IN THIS STATE WHERE:

1. THE PURCHASER IS THE FEDERAL GOVERNMENT;

OR

2. THE PROPERTY IS SHIPPED OR DELIVERED TO A CUSTOMER IN A STATE IN WHICH THE SELLING CORPORATION IS NOT SUBJECT TO A STATE CORPORATE INCOME TAX OR STATE FRANCHISE TAX MEASURED BY NET INCOME AND COULD NOT BE SUBJECTED TO SUCH A TAX IF THE STATE WERE TO IMPOSE IT; AND

(II) FOR ANY INCOME THAT THE TAXPAYER HAS IDENTIFIED, ON THE INCOME TAX RETURN FILED UNDER THIS TITLE OR ON AN INCOME TAX RETURN FILED IN ANY STATE, AS INCOME THAT IS NONOPERATIONAL AND THEREFORE NOT APPORTIONABLE:

1. THE AMOUNT AND SOURCE OF THAT NONOPERATIONAL INCOME; AND

2. IF THE COMMERCIAL DOMICILE OF THE CORPORATION IS IN THIS STATE, THE DIFFERENCE IN TAX THAT WOULD BE OWED IF THE CORPORATION WERE REQUIRED TO ALLOCATE 100% OF THE

NONOPERATIONAL INCOME TO MARYLAND TO THE FULLEST EXTENT ALLOWED UNDER THE UNITED STATES CONSTITUTION.

On page 6, in line 19, strike “(d)” and substitute “**(C)**”; in the same line, strike “subsections (b) and (c)” and substitute “**SUBSECTION (B)**”; and strike in their entirety lines 32 through 34, inclusive.

On page 7, strike in their entirety lines 1 through 4, inclusive; in line 5, strike “**(4)**” and substitute “**(2)**”; strike beginning with “doing” in line 6 down through “title,” in line 7; in line 13, strike “(5)” and substitute “**(3)**”; in lines 16 and 26, strike “(e)” and “(f)”, respectively, and substitute “**(D)**” and “**(E)**”, respectively.

On page 8, in line 16, strike “(g)” and substitute “**(F)**”.

AMENDMENT NO. 6

On page 2, in line 14, after “**INCLUDE**” insert “:

1.;

and in line 16, after “**TAX**” insert “;

2. AN INSURER AS DEFINED IN § 1-101 OF THE INSURANCE ARTICLE; OR

3. A REGULATED INVESTMENT COMPANY, AS DEFINED IN § 851(A) OF THE INTERNAL REVENUE CODE”.