

HOUSE BILL 1071

Q3

2lr0350

By: **Delegates Alston, Braveboy, Howard, and Walker**

Introduced and read first time: February 10, 2012

Assigned to: Ways and Means

A BILL ENTITLED

1 AN ACT concerning

2 **Income Tax – Customer Bag Credit Program**

3 FOR the purpose of allowing an individual or a corporation to claim a credit against
4 the State income tax for certain costs incurred for a customer bag credit
5 program; providing for calculation of the credit; providing for the carryover of
6 unused credit; requiring an individual or corporation to provide certain
7 information with a tax return that claims the tax credit; defining certain terms;
8 providing for the application of this Act; and generally relating to a credit
9 against the State income tax for certain costs incurred for a customer bag credit
10 program.

11 BY adding to

12 Article – Tax – General

13 Section 10–731

14 Annotated Code of Maryland

15 (2010 Replacement Volume and 2011 Supplement)

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

18 **Article – Tax – General**

19 **10–731.**

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

22 (2) “CUSTOMER BAG CREDIT PROGRAM” MEANS A PROGRAM
23 IMPLEMENTED IN A STORE THAT:

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 **(I) REQUIRES THE STORE TO PAY A CUSTOMER A CREDIT**
2 **OF AT LEAST 5 CENTS FOR EACH BAG PROVIDED BY THE CUSTOMER FOR**
3 **PACKAGING THE CUSTOMER'S PURCHASES;**

4 **(II) REQUIRES THE TOTAL AMOUNT OF THE CREDIT PAID TO**
5 **A CUSTOMER UNDER ITEM (I) OF THIS PARAGRAPH TO BE DISPLAYED ON THE**
6 **CUSTOMER TRANSACTION RECEIPT; AND**

7 **(III) IS PROMINENTLY ADVERTISED AT EACH CHECKOUT**
8 **REGISTER IN THE STORE.**

9 **(3) "STORE" MEANS A RETAIL ESTABLISHMENT THAT PROVIDES**
10 **DISPOSABLE CARRYOUT BAGS TO ITS CUSTOMERS AS A RESULT OF THE SALE OF**
11 **A PRODUCT.**

12 **(B) SUBJECT TO THE LIMITATIONS OF THIS SECTION, AN INDIVIDUAL**
13 **OR A CORPORATION MAY CLAIM A CREDIT AGAINST THE STATE INCOME TAX IN**
14 **AN AMOUNT EQUAL TO 50% OF THE COST TO:**

15 **(1) ESTABLISH A CUSTOMER BAG CREDIT PROGRAM; AND**

16 **(2) PAY THE CREDIT UNDER A CUSTOMER BAG CREDIT PROGRAM.**

17 **(C) (1) FOR ANY TAXABLE YEAR, THE CREDIT ALLOWED UNDER THIS**
18 **SECTION MAY NOT EXCEED THE LESSER OF:**

19 **(I) THE STATE INCOME TAX FOR THAT TAXABLE YEAR; OR**

20 **(II) \$5,000.**

21 **(2) IF THE CREDIT OTHERWISE ALLOWABLE UNDER SUBSECTION**
22 **(B) OF THIS SECTION EXCEEDS THE LIMIT UNDER PARAGRAPH (1) OF THIS**
23 **SUBSECTION, AN INDIVIDUAL OR A CORPORATION MAY APPLY THE EXCESS AS A**
24 **CREDIT AGAINST THE STATE INCOME TAX FOR SUCCEEDING TAXABLE YEARS**
25 **UNTIL THE EARLIER OF:**

26 **(I) THE FULL AMOUNT OF THE EXCESS IS USED; OR**

27 **(II) THE EXPIRATION OF THE 5TH TAXABLE YEAR AFTER**
28 **THE COST OF ESTABLISHING THE PROGRAM OR PAYING THE CREDIT UNDER THE**
29 **PROGRAM IS INCURRED.**

1 **(D) AN INDIVIDUAL OR A CORPORATION SHALL PROVIDE WITH A TAX**
2 **RETURN THAT CLAIMS THE CREDIT UNDER THIS SECTION ANY REASONABLE**
3 **DOCUMENTATION THE COMPTROLLER MAY REQUIRE.**

4 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
5 July 1, 2012, and shall be applicable to all taxable years beginning after December 31,
6 2011.