

SENATE BILL 945

Q3

71r3182
CF HB 1257

By: **Senators Madaleno, Della, and Pinsky**
Introduced and read first time: February 26, 2007
Assigned to: Rules

A BILL ENTITLED

1 AN ACT concerning

2 **Income Tax – Captive Real Estate Investment Trusts**

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

9 BY adding to
10 Article – Tax – General
11 Section 10–306.2
12 Annotated Code of Maryland
13 (2004 Replacement Volume and 2006 Supplement)

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

16 **Article – Tax – General**

17 **10–306.2.**

18 (A) IN THIS SECTION, “CAPTIVE REIT” MEANS A CORPORATION,
19 TRUST, OR ASSOCIATION:

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



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

3 **(2) THAT IS NOT PUBLICLY TRADED; AND**

4 **(3) MORE THAN 50% OF THE VOTING POWER OR VALUE OF THE**
5 **BENEFICIAL INTERESTS OR SHARES OF WHICH ARE OWNED OR CONTROLLED,**
6 **DIRECTLY OR INDIRECTLY, BY A SINGLE PERSON OTHER THAN:**

7 **(I) A REAL ESTATE INVESTMENT TRUST; OR**

8 **(II) A QUALIFIED REAL ESTATE INVESTMENT TRUST**
9 **SUBSIDIARY UNDER § 856(I) OF THE INTERNAL REVENUE CODE.**

10 **(B) IN ADDITION TO THE MODIFICATIONS UNDER §§ 10-305 THROUGH**
11 **10-306.1 OF THIS SUBTITLE, AN AMOUNT EQUAL TO THE AMOUNT OF THE**
12 **DIVIDENDS PAID DEDUCTION ALLOWED UNDER THE INTERNAL REVENUE CODE**
13 **FOR THE TAXABLE YEAR IS ADDED TO FEDERAL TAXABLE INCOME TO**
14 **DETERMINE THE MARYLAND MODIFIED INCOME OF A CAPTIVE REIT.**

15 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
16 July 1, 2007, and shall be applicable to all taxable years beginning after December 31,
17 2006.