

Department of Legislative Services
Maryland General Assembly
2026 Session

FISCAL AND POLICY NOTE
Third Reader - Revised

House Bill 547
Ways and Means

(Delegate Fair, *et al.*)

Budget and Taxation

**Income Tax - Subtraction Modification - Enhanced Agricultural Management
Equipment**

This bill requires the Secretary of Agriculture to report to the Governor and the General Assembly by December 1 annually on additional types of equipment that the Secretary recommends should qualify as enhanced agricultural management equipment for purposes of the Maryland income tax subtraction modification for enhanced agricultural management equipment purchase and installation costs. **The bill takes effect July 1, 2026.**

Fiscal Summary

State Effect: The Maryland Department of Agriculture can meet the bill’s requirements with existing budgeted resources. Revenues are not affected.

Local Effect: None.

Small Business Effect: None.

Analysis

Current Law: Under Maryland income tax, an individual or corporation may subtract from income 100% of the expenses that a taxpayer incurs to buy and install enhanced agricultural management equipment (50% in the case of certain vertical tillage equipment) if the equipment has a useful life of at least four years, subject to additional specified requirements.

“Enhanced agricultural management equipment” means:

- a planter or drill that is commonly known as a “no-till” planter or drill and is designed to minimize the disturbance of the soil in planting crops;
- liquid manure soil injection equipment that is designed to inject manure into the soil to reduce nutrient runoff;
- a deep no-till ripper that does not invert the soil profile and is used to address compaction in high residue cropping systems;
- subject to certain requirements, poultry or livestock manure spreading equipment used by a farm owner or tenant on farmland in accordance with a specified nutrient management plan;
- vertical tillage equipment used to incorporate livestock manure or poultry litter into the soil;
- a global positioning system device used for management of agricultural nutrient applications; and
- a specified integrated optical sensing and nutrient application system.

To qualify for the subtraction, a taxpayer must file a statement with the Department of Agriculture certifying compliance with the applicable requirements.

A taxpayer may carry forward any unused amount of the subtraction modification for up to five years.

Additional Information

Recent Prior Introductions: Similar legislation has not been introduced within the last three years.

Designated Cross File: None.

Information Source(s): Comptroller’s Office; Maryland Department of Agriculture; Department of Legislative Services

Fiscal Note History: First Reader - February 8, 2026
 jg/hlb Third Reader - March 25, 2026
 Revised - Amendment(s) - March 25, 2026

Analysis by: Elizabeth J. Allison

Direct Inquiries to:
 (410) 946-5510
 (301) 970-5510