

HOUSE BILL 861

Q3

8lr2375

By: **Delegates Sossi, Aumann, Bates, Beitzel, Boteler, Dwyer, Eckardt, Elliott, Frank, George, Haddaway, Jennings, Kach, McComas, Smigiel, Stull, and Walkup**

Introduced and read first time: February 6, 2008

Assigned to: Ways and Means

A BILL ENTITLED

1 AN ACT concerning

2 **Income Tax – Itemized Deductions**

3 FOR the purpose of allowing an individual to itemize deductions to compute Maryland
4 taxable income whether or not the individual itemizes deductions on the
5 individual's federal income tax return; providing that Maryland itemized
6 deductions shall be determined in a certain manner for an individual who does
7 not itemize deductions on the individual's federal income tax return; providing
8 for the application of this Act; and generally relating to certain deductions
9 allowed for Maryland income tax purposes.

10 BY repealing and reenacting, with amendments,
11 Article – Tax – General
12 Section 10–217(a)(1) and 10–218
13 Annotated Code of Maryland
14 (2004 Replacement Volume and 2007 Supplement)

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

17 **Article – Tax – General**

18 10–217.

19 (a) (1) (i) Except as otherwise provided in this subsection, an
20 individual may elect to use the standard deduction to compute Maryland taxable
21 income whether or not the individual itemizes deductions on the individual's federal
22 income tax return in determining federal taxable income.

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 (ii) If an individual elects to use the standard deduction on the
2 [federal] **MARYLAND** income tax return, the individual may not take any itemized
3 deduction in § 10–218 of this subtitle.

4 10–218.

5 (a) [Only an individual who itemizes deductions on the individual's federal
6 income tax return] **AN INDIVIDUAL** may elect to itemize deductions [on the
7 individual's income tax return] **TO COMPUTE MARYLAND TAXABLE INCOME**
8 **WHETHER OR NOT THE INDIVIDUAL ITEMIZES DEDUCTIONS ON THE**
9 **INDIVIDUAL'S FEDERAL INCOME TAX RETURN IN DETERMINING FEDERAL**
10 **TAXABLE INCOME.**

11 (b) [An] **SUBJECT TO SUBSECTION (C) OF THIS SECTION, AN** individual
12 who elects to itemize deductions is allowed as a deduction the sum of the individual's
13 federal itemized deductions:

14 (1) limited and reduced as required under the Internal Revenue Code;

15 (2) further reduced by any amount deducted under § 170 of the
16 Internal Revenue Code for contributions of a preservation or conservation easement
17 for which a credit is claimed under § 10–723 of this title; and

18 (3) further reduced by the amount claimed as taxes on income paid to
19 a state or political subdivision of a state, after subtracting a pro rata portion of the
20 reduction to itemized deductions required under § 68 of the Internal Revenue Code.

21 (c) **FOR AN INDIVIDUAL WHO DOES NOT ITEMIZE DEDUCTIONS ON THE**
22 **INDIVIDUAL'S FEDERAL INCOME TAX RETURN BUT ELECTS TO ITEMIZE**
23 **DEDUCTIONS TO COMPUTE MARYLAND TAXABLE INCOME, THE DEDUCTION**
24 **ALLOWED UNDER SUBSECTION (B) OF THIS SECTION SHALL BE DETERMINED AS**
25 **IF THE INDIVIDUAL ITEMIZED DEDUCTIONS ON THE INDIVIDUAL'S FEDERAL**
26 **INCOME TAX RETURN.**

27 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
28 July 1, 2008, and shall be applicable to all tax years beginning after December 31,
29 2007.