

HOUSE BILL 691

Q3

3lr1684

By: **Delegates Serafini and F. Turner**

Introduced and read first time: February 4, 2013

Assigned to: Ways and Means

A BILL ENTITLED

1 AN ACT concerning

2 **Income Tax – Flat Tax**

3 FOR the purpose of altering the State income tax rate on certain income of
4 individuals; providing for the application of this Act; and generally relating to
5 the State income tax rate on income of individuals.

6 BY repealing and reenacting, with amendments,
7 Article – Tax – General
8 Section 10–105
9 Annotated Code of Maryland
10 (2010 Replacement Volume and 2012 Supplement)

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

13 **Article – Tax – General**

14 10–105.

15 [(a) (1) For an individual other than an individual described in paragraph
16 (2) of this subsection, the State income tax rate is:

17 (i) 2% of Maryland taxable income of \$1 through \$1,000;

18 (ii) 3% of Maryland taxable income of \$1,001 through \$2,000;

19 (iii) 4% of Maryland taxable income of \$2,001 through \$3,000;

20 (iv) 4.75% of Maryland taxable income of \$3,001 through
21 \$100,000;

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 (v) 5% of Maryland taxable income of \$100,001 through
2 \$125,000;

3 (vi) 5.25% of Maryland taxable income of \$125,001 through
4 \$150,000;

5 (vii) 5.5% of Maryland taxable income of \$150,001 through
6 \$250,000; and

7 (viii) 5.75% of Maryland taxable income in excess of \$250,000.

8 (2) For spouses filing a joint return or for a surviving spouse or head of
9 household as defined in § 2 of the Internal Revenue Code, the State income tax rate is:

10 (i) 2% of Maryland taxable income of \$1 through \$1,000;

11 (ii) 3% of Maryland taxable income of \$1,001 through \$2,000;

12 (iii) 4% of Maryland taxable income of \$2,001 through \$3,000;

13 (iv) 4.75% of Maryland taxable income of \$3,001 through
14 \$150,000;

15 (v) 5% of Maryland taxable income of \$150,001 through
16 \$175,000;

17 (vi) 5.25% of Maryland taxable income of \$175,001 through
18 \$225,000;

19 (vii) 5.5% of Maryland taxable income of \$225,001 through
20 \$300,000; and

21 (viii) 5.75% of Maryland taxable income in excess of \$300,000.]

22 **(A) FOR AN INDIVIDUAL, INCLUDING SPOUSES FILING A JOINT RETURN**
23 **OR A SURVIVING SPOUSE OR HEAD OF HOUSEHOLD AS DEFINED IN § 2 OF THE**
24 **INTERNAL REVENUE CODE, THE STATE INCOME TAX RATE IS 4.75% OF**
25 **MARYLAND TAXABLE INCOME.**

26 (b) The State income tax rate for a corporation is 8.25% of Maryland taxable
27 income.

28 (c) For a husband and wife filing a joint income tax return, the [rates] RATE
29 specified in subsection (a) of this section [apply] APPLIES to the joint Maryland
30 taxable income of the husband and wife.

1 (d) For a nonresident:

2 (1) the [rates] **RATE** specified in subsection (a) of this section [apply]
3 **APPLIES** to the nonresident's Maryland taxable income, calculated without regard to
4 the subtractions under § 10–210(b), (e), and (f) of this title; and

5 (2) the State income tax imposed equals the result obtained under
6 item (1) of this subsection multiplied times a fraction:

7 (i) the numerator of which is the nonresident's Maryland
8 taxable income, calculated with the subtractions under § 10–210(b), (e), and (f) of this
9 title; and

10 (ii) the denominator of which is the nonresident's Maryland
11 taxable income, calculated without regard to the subtractions under § 10–210(b), (e),
12 and (f) of this title.

13 **SECTION 2. AND BE IT FURTHER ENACTED**, That this Act shall take effect
14 July 1, 2013, and shall be applicable to all taxable years beginning after December 31,
15 2013.