

HOUSE BILL 1299

Q3

4lr0529

By: **Delegates A. Miller, Harper, Barkley, Barve, Branch, George, Glenn, Ivey, Pena-Melnyk, Pendergrass, Stukes, F. Turner, A. Washington, and Wilson**

Introduced and read first time: February 7, 2014

Assigned to: Ways and Means

A BILL ENTITLED

1 AN ACT concerning

2 **Income Tax – Rate and Subtraction Modification – Parental Leave for**
3 **Employees**

4 FOR the purpose of altering the rate under the State income tax for certain
5 individuals under certain circumstances; providing a subtraction modification
6 under the Maryland income tax for certain paid parental leave for employees;
7 providing for the calculation of the subtraction modification; requiring a
8 taxpayer to submit certain information in order to qualify for the subtraction
9 modification; providing a subtraction modification under the Maryland
10 corporate income tax for certain paid parental leave for employees; providing for
11 the application of this Act; and generally relating to the Maryland income tax
12 rate and a Maryland income tax subtraction modification for certain paid
13 parental leave for employees.

14 BY repealing and reenacting, with amendments,
15 Article – Tax – General
16 Section 10–105(a) and 10–307(g)
17 Annotated Code of Maryland
18 (2010 Replacement Volume and 2013 Supplement)

19 BY repealing and reenacting, without amendments,
20 Article – Tax – General
21 Section 10–207(a) and 10–307(a)
22 Annotated Code of Maryland
23 (2010 Replacement Volume and 2013 Supplement)

24 BY adding to
25 Article – Tax – General
26 Section 10–207(bb)

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 Annotated Code of Maryland
2 (2010 Replacement Volume and 2013 Supplement)

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

5 **Article – Tax – General**

6 10–105.

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

- 9 (i) 2% of Maryland taxable income of \$1 through \$1,000;
- 10 (ii) 3% of Maryland taxable income of \$1,001 through \$2,000;
- 11 (iii) 4% of Maryland taxable income of \$2,001 through \$3,000;
- 12 (iv) 4.75% of Maryland taxable income of \$3,001 through
13 \$100,000;
- 14 (v) 5% of Maryland taxable income of \$100,001 through
15 \$125,000;
- 16 (vi) 5.25% of Maryland taxable income of \$125,001 through
17 \$150,000;
- 18 (vii) 5.5% of Maryland taxable income of \$150,001 through
19 \$250,000; and
- 20 (viii) 5.75% of Maryland taxable income in excess of \$250,000.

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

- 23 (i) 2% of Maryland taxable income of \$1 through \$1,000;
- 24 (ii) 3% of Maryland taxable income of \$1,001 through \$2,000;
- 25 (iii) 4% of Maryland taxable income of \$2,001 through \$3,000;
- 26 (iv) 4.75% of Maryland taxable income of \$3,001 through
27 \$150,000;
- 28 (v) 5% of Maryland taxable income of \$150,001 through
29 \$175,000;

1 (vi) 5.25% of Maryland taxable income of \$175,001 through
2 \$225,000;

3 (vii) 5.5% of Maryland taxable income of \$225,001 through
4 \$300,000; and

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

6 **(3) IF THE INDIVIDUAL HAS RECEIVED PAID PARENTAL LEAVE**
7 **DURING THE TAXABLE YEAR AND THE INDIVIDUAL'S EMPLOYER CLAIMS A**
8 **SUBTRACTION MODIFICATION UNDER § 10-208(BB) OF THIS TITLE, THE**
9 **INDIVIDUAL SHALL PAY, IN ADDITION TO THE RATE SPECIFIED UNDER**
10 **PARAGRAPHS (1) AND (2) OF THIS SUBSECTION, .25% OF MARYLAND TAXABLE**
11 **INCOME.**

12 10-207.

13 (a) To the extent included in federal adjusted gross income, the amounts
14 under this section are subtracted from the federal adjusted gross income of a resident
15 to determine Maryland adjusted gross income.

16 **(BB) (1) (I) IN THIS SUBSECTION THE FOLLOWING WORDS HAVE**
17 **THE MEANINGS INDICATED.**

18 **(II) "ELIGIBLE EMPLOYEE" MEANS AN EMPLOYEE WHO HAS**
19 **REQUESTED THAT AN EMPLOYER PROVIDE PARENTAL LEAVE AND WHO, AS OF**
20 **THE DATE THAT THE REQUESTED PARENTAL LEAVE BEGINS, WILL HAVE BEEN**
21 **EMPLOYED BY THAT EMPLOYER FOR AT LEAST A 12-MONTH PERIOD.**

22 **(III) "PARENTAL LEAVE" MEANS LEAVE TAKEN BY AN**
23 **ELIGIBLE EMPLOYEE FOR A PERIOD OF AT LEAST 8 WEEKS FOR:**

24 **1. THE BIRTH OF A CHILD OF THE EMPLOYEE FOR**
25 **THE PURPOSE OF CARING FOR THE CHILD; OR**

26 **2. THE PLACEMENT OF A CHILD WITH THE**
27 **EMPLOYEE FOR ADOPTION OR FOSTER CARE.**

28 **(2) IN ACCORDANCE WITH PARAGRAPH (3) OF THIS SUBSECTION,**
29 **THE SUBTRACTION UNDER SUBSECTION (A) OF THIS SECTION INCLUDES THE**
30 **WAGES AN INDIVIDUAL PAYS TO AN ELIGIBLE EMPLOYEE DURING A PERIOD OF**
31 **PARENTAL LEAVE.**

1 **(3) (I) IF AN INDIVIDUAL PAYS AN ELIGIBLE EMPLOYEE 100%**
2 **OF THE ELIGIBLE EMPLOYEE'S NORMAL WAGES DURING THE PERIOD OF**
3 **PARENTAL LEAVE, THE SUBTRACTION MODIFICATION ALLOWED SHALL EQUAL**
4 **100% OF THE AMOUNT OF WAGES PAID TO THE ELIGIBLE EMPLOYEE DURING**
5 **THE FIRST 8-WEEK PERIOD OF THE PARENTAL LEAVE.**

6 **(II) IF AN INDIVIDUAL PAYS AN ELIGIBLE EMPLOYEE 75%**
7 **OF THE ELIGIBLE EMPLOYEE'S NORMAL WAGES DURING THE PERIOD OF**
8 **PARENTAL LEAVE, THE SUBTRACTION MODIFICATION ALLOWED SHALL EQUAL**
9 **75% OF THE AMOUNT OF WAGES PAID TO THE ELIGIBLE EMPLOYEE DURING THE**
10 **FIRST 8-WEEK PERIOD OF THE PARENTAL LEAVE.**

11 **(III) IF AN INDIVIDUAL PAYS AN ELIGIBLE EMPLOYEE 50%**
12 **OF THE ELIGIBLE EMPLOYEE'S NORMAL WAGES DURING THE PERIOD OF**
13 **PARENTAL LEAVE, THE SUBTRACTION MODIFICATION ALLOWED SHALL EQUAL**
14 **50% OF THE AMOUNT OF WAGES PAID TO THE ELIGIBLE EMPLOYEE DURING THE**
15 **FIRST 8-WEEK PERIOD OF THE PARENTAL LEAVE.**

16 **(4) TO QUALIFY FOR THE SUBTRACTION MODIFICATION UNDER**
17 **PARAGRAPH (2) OF THIS SUBSECTION, THE TAXPAYER SHALL FILE WITH THE**
18 **INDIVIDUAL'S TAX RETURN A STATEMENT CERTIFYING:**

19 **(I) THE DATE EACH ELIGIBLE EMPLOYEE WAS FIRST HIRED**
20 **BY THE TAXPAYER AND THE DURATION OF EMPLOYMENT;**

21 **(II) THE NORMAL WAGES OF EACH ELIGIBLE EMPLOYEE;**

22 **(III) THE TIME PERIOD, REASON, AND COMPENSATION FOR**
23 **WHICH EACH ELIGIBLE EMPLOYEE RECEIVED PAID PARENTAL LEAVE; AND**

24 **(IV) THE TOTAL AMOUNT OF THE SUBTRACTION**
25 **MODIFICATION CLAIMED.**

26 10-307.

27 (a) To the extent included in federal taxable income, the amounts under this
28 section are subtracted from the federal taxable income of a corporation to determine
29 Maryland modified income.

30 (g) The subtraction under subsection (a) of this section includes the amounts
31 allowed to be subtracted for an individual under:

32 (1) § 10-207(i) of this title (Profits on sale or exchange of State or local
33 bonds);

- 1 (2) § 10–207(k) of this title (Relocation and assistance payments);
- 2 (3) § 10–207(m) of this title (State or local income tax refunds); [or]
- 3 (4) § 10–207(c–1) of this title (State tax–exempt interest from mutual
- 4 funds); **OR**
- 5 **(5) § 10–207(BB) OF THIS TITLE (WAGES PAID TO EMPLOYEES AS**
- 6 **PARENTAL LEAVE).**

7 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect

8 July 1, 2014, and shall be applicable to all taxable years beginning after December 31,

9 2013.