

SENATE BILL 127

Q3
SB 769/14 – B&T

6lr1707
CF 6lr1681

By: **Senator Serafini**

Introduced and read first time: January 15, 2016

Assigned to: Budget and Taxation

A BILL ENTITLED

1 AN ACT concerning

2 **Income Tax – Elimination of the Marriage Penalty**

3 FOR the purpose of altering the State income tax rate brackets for certain income of certain
4 married couples and individuals; altering the amount allowed as a deduction for
5 certain exemptions for certain married couples and individuals under the Maryland
6 income tax under certain circumstances; providing for the application of this Act;
7 and generally relating to altering the State income tax rates and amount allowed as
8 a deduction for certain exemptions.

9 BY repealing and reenacting, with amendments,
10 Article – Tax – General
11 Section 10–105(a) and 10–211
12 Annotated Code of Maryland
13 (2010 Replacement Volume and 2015 Supplement)

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

16 **Article – Tax – General**

17 10–105.

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

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

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

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

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



- 1 (iv) 4.75% of Maryland taxable income of \$3,001 through \$100,000;
- 2 (v) 5% of Maryland taxable income of \$100,001 through \$125,000;
- 3 (vi) 5.25% of Maryland taxable income of \$125,001 through \$150,000;
- 4 (vii) 5.5% of Maryland taxable income of \$150,001 through \$250,000;
- 5 and
- 6 (viii) 5.75% of Maryland taxable income in excess of \$250,000.

7 (2) For spouses filing a joint return or for a surviving spouse or head of
8 household as defined in § 2 of the Internal Revenue Code, 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 **[\$150,000]**
13 **\$200,000;**
- 14 (v) 5% of Maryland taxable income of **[\$150,001] \$200,001** through
15 **[\$175,000] \$250,000;**
- 16 (vi) 5.25% of Maryland taxable income of **[\$175,001] \$250,001**
17 **through [\$225,000] \$300,000;**
- 18 (vii) 5.5% of Maryland taxable income of **[\$225,001] \$300,001**
19 **through [\$300,000] \$500,000;** and
- 20 (viii) 5.75% of Maryland taxable income in excess of **[\$300,000]**
21 **\$500,000.**

22 10–211.

23 (a) Except as provided in subsection (b) of this section, whether or not a federal
24 return is filed, to determine Maryland taxable income, an individual other than a fiduciary
25 may deduct as an exemption:

26 (1) \$3,200 for each exemption that the individual may deduct in the taxable
27 year to determine federal taxable income under § 151 of the Internal Revenue Code;

28 (2) an additional \$3,200 for each dependent, as defined in § 152 of the
29 Internal Revenue Code, who is at least 65 years old on the last day of the taxable year;

1 (3) an additional \$1,000 if the individual, on the last day of the taxable
2 year, is at least 65 years old; and

3 (4) an additional \$1,000 if the individual, on the last day of the taxable
4 year, is a blind individual, as described in § 10–208(c) of this subtitle.

5 (b) (1) If an individual other than one described in paragraph (2) of this
6 subsection has federal adjusted gross income for the taxable year greater than \$100,000,
7 the amount allowed for each exemption under subsection (a)(1) or (2) of this section is
8 limited to:

9 (i) \$1,600 if federal adjusted gross income for the taxable year does
10 not exceed \$125,000;

11 (ii) \$800 if federal adjusted gross income for the taxable year is
12 greater than \$125,000 but not greater than \$150,000; and

13 (iii) \$0 if federal adjusted gross income for the taxable year is greater
14 than \$150,000.

15 (2) If a married couple filing a joint return or an individual described in §
16 2 of the Internal Revenue Code as a head of household or as a surviving spouse has federal
17 adjusted gross income for the taxable year greater than ~~[\$150,000]~~ **\$200,000**, the amount
18 allowed for each exemption under subsection (a)(1) or (2) of this section is limited to:

19 (i) \$1,600 if federal adjusted gross income for the taxable year does
20 not exceed ~~[\$175,000]~~ **\$250,000**;

21 (ii) \$800 if federal adjusted gross income for the taxable year is
22 greater than ~~[\$175,000]~~ **\$250,000** but not greater than ~~[\$200,000]~~ **\$300,000**; and

23 (iii) \$0 if federal adjusted gross income for the taxable year is greater
24 than ~~[\$200,000]~~ **\$300,000**.

25 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect July
26 1, 2016, and shall be applicable to all taxable years beginning after December 31, 2015.