

SENATE BILL 133

Q3
SB 735/16 – B&T

7lr1558

By: **Senators Serafini, Bates, Cassilly, Eckardt, Edwards, Hershey, Hough,
Jennings, Norman, Ready, Salling, and Waugh**

Introduced and read first time: January 16, 2017

Assigned to: Budget and Taxation

A BILL ENTITLED

1 AN ACT concerning

2 **Income Tax – Flat Tax**

3 FOR the purpose of altering the State income tax rates on certain income of individuals;
4 providing for the application of this Act; and generally relating to the State income
5 tax rates 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 (2016 Replacement Volume)

11 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND,
12 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 (2)
16 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 \$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 \$125,000;
- 2 (vi) 5.25% of Maryland taxable income of \$125,001 through \$150,000;
- 3 (vii) 5.5% of Maryland taxable income of \$150,001 through \$250,000;
- 4 and
- 5 (viii) 5.75% of Maryland taxable income in excess of \$250,000.

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

- 8 (i) 2% of Maryland taxable income of \$1 through \$1,000;
- 9 (ii) 3% of Maryland taxable income of \$1,001 through \$2,000;
- 10 (iii) 4% of Maryland taxable income of \$2,001 through \$3,000;
- 11 (iv) 4.75% of Maryland taxable income of \$3,001 through \$150,000;
- 12 (v) 5% of Maryland taxable income of \$150,001 through \$175,000;
- 13 (vi) 5.25% of Maryland taxable income of \$175,001 through \$225,000;
- 14 (vii) 5.5% of Maryland taxable income of \$225,001 through \$300,000;
- 15 and
- 16 (viii) 5.75% of Maryland taxable income in excess of \$300,000.]

17 **(A) FOR AN INDIVIDUAL OR FOR SPOUSES FILING A JOINT RETURN WITH**
18 **FEDERAL ADJUSTED GROSS INCOME IN EXCESS OF \$30,000, THE STATE INCOME TAX**
19 **RATE IS 3.9%.**

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

22 (c) For a married couple filing a joint income tax return, the [rates] **RATE**
23 specified in subsection (a) of this section [apply] **APPLIES** to the joint Maryland taxable
24 income of the married couple.

25 (d) For a nonresident:

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

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

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

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

8 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect July
9 1, 2017, and shall be applicable to all taxable years beginning after December 31, 2017.