

SB0318/523126/1

BY: Delegate Kipke

AMENDMENTS TO SENATE BILL 318, AS AMENDED
(Third Reading File Bill)

AMENDMENT NO. 1

Strike the Committee on Ways and Means Amendments (SB0318/155465/1) in their entirety.

AMENDMENT NO. 2

On page 1 of the bill, at the top of the page, insert “EMERGENCY BILL”; in line 2, strike “Income Tax – Standard Deduction – Alteration” and substitute “Protecting Maryland Taxpayers Act of 2018”; strike beginning with “altering” in line 3 down through “tax” in line 6 and substitute “repealing a requirement that a certain amendment to the Internal Revenue Code be enacted during a certain year in order for the amendment not to impact the determination of Maryland taxable income; allowing an individual to itemize deductions to compute Maryland taxable income whether or not the individual itemizes deductions on the individual’s federal income tax return; providing that Maryland itemized deductions shall be determined in a certain manner for an individual who does not itemize deductions on the individual’s federal income tax return; requiring the Comptroller to publish certain tax forms and instructions by a certain date; providing for the application of this Act; making this Act an emergency measure; and generally relating to the impact of amendments of the Internal Revenue Code on the determination of Maryland taxable income”; in line 9, strike “10–217” and substitute “10–108, 10–217(a), and 10–218”; and after line 11, insert:

“Preamble

WHEREAS, The federal Tax Cuts and Jobs Act of 2017 eliminated or limited certain deductions and exemptions that significantly benefited Marylanders on their federal and state income tax returns; and

(Over)

WHEREAS, Marylanders are now projected to pay more in state and local income tax as a result of these changes to federal tax law; and

WHEREAS, Marylanders already bear among the highest state and local tax burdens in the country; and

WHEREAS, In order to protect Marylanders from the negative effects of the federal tax law, the General Assembly and the Governor must work collaboratively and take immediate and meaningful action; now, therefore,.”

AMENDMENT NO. 3

On pages 1 and 2 of the bill, strike beginning with line 15 on page 1 through line 25 on page 2 and substitute:

“10–108.

(a) Except as provided in subsection (c) of this section [and unless expressly provided otherwise by law], an amendment of the Internal Revenue Code **THAT TAKES EFFECT ON OR AFTER DECEMBER 21, 2017, AND** that[, for a taxable year that begins in the calendar year in which the amendment is enacted,] affects the determination of federal adjusted gross income or federal taxable income[,] does not affect the determination of Maryland taxable income under this title [for any taxable year that begins in the calendar year in which the amendment is enacted].

(b) Within 60 days after an amendment of the Internal Revenue Code is enacted, the Comptroller shall prepare and submit to the Governor and, subject to § 2–1246 of the State Government Article, the President of the Senate and the Speaker of the House a report that outlines:

(1) the changes in the Internal Revenue Code; and

(2) the impact of those changes on State revenue and on various classes and types of taxpayers.

(c) Subsection (a) of this section does not apply to an amendment of the Internal Revenue Code if the Comptroller determines that the impact of the amendment [on] WILL RESULT IN A DECREASE IN State income tax revenue [for the fiscal year that begins during the calendar year in which the amendment is enacted will be less than \$5,000,000].

10-217.

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

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

10-218.

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

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

(Over)

- (1) limited and reduced as required under the Internal Revenue Code;
- (2) further reduced by any amount deducted under § 170 of the Internal Revenue Code for contributions of a preservation or conservation easement for which a credit is claimed under § 10-723 of this title; and
- (3) further reduced by the amount claimed as taxes on income paid to a state or political subdivision of a state, after subtracting a pro rata portion of the reduction to itemized deductions required under § 68 of the Internal Revenue Code.

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

SECTION 2. AND BE IT FURTHER ENACTED, That, within 60 days after submission of the report required under § 10-108(b) of the Tax – General Article, as enacted by Section 1 of this Act, the Comptroller shall publish updated tax forms and instructions for all tax filers affected by this Act.

SECTION 3. AND BE IT FURTHER ENACTED, That Section 1 of this Act shall be construed to apply only to taxable years beginning after December 31, 2017, and may not be applied or interpreted to have any effect on taxable years beginning on or before December 31, 2017.

SECTION 4. AND BE IT FURTHER ENACTED, That Section 1 of this Act shall not apply where Maryland law expressly provides a new federal law, an amendment to existing federal law, or a repeal of existing federal law does not affect Maryland law.

SECTION 5. AND BE IT FURTHER ENACTED, That this Act is an emergency measure, is necessary for the immediate preservation of the public health or safety, has been passed by a yea or nay vote supported by three-fifths of all the members elected to each of the two Houses of the General Assembly, and shall take effect from the date it is enacted.”