

HOUSE BILL 570

Q3
HB 896/10 – W&M

8lr2610

By: ~~Delegates Gilchrist, Barve, Beidle, Lafferty, Lisanti, Luedtke, Mosby, and Stein~~ Stein, Afzali, Ali, Buckel, Hornberger, Kaiser, Long, Reilly, Rose, Shoemaker, Tarlau, Turner, and Wilkins

Introduced and read first time: January 29, 2018
Assigned to: Ways and Means

Committee Report: Favorable with amendments
House action: Adopted
Read second time: March 13, 2018

CHAPTER _____

1 AN ACT concerning

2 **Income Tax – Standard Deduction – Cost-of-Living Adjustments**

3 FOR the purpose of ~~altering the determination of the amount of the standard deduction~~
4 ~~allowed for an individual under the Maryland income tax; providing for the~~
5 ~~application of this Act; altering the minimum and maximum limitation amounts of~~
6 certain standard deductions allowed under the State income tax for certain taxable
7 years by a certain cost-of-living adjustment; and generally relating to the standard
8 ~~deduction allowed for an individual under the Maryland income tax; a cost-of-living~~
9 adjustment for the State standard deductions allowed under the State income tax.

10 BY repealing and reenacting, with amendments,
11 Article – Tax – General
12 Section 10–217
13 Annotated Code of Maryland
14 (2016 Replacement Volume and 2017 Supplement)

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

17 **Article – Tax – General**

18 10–217.

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.

Underlining indicates amendments to bill.

~~Strike out~~ indicates matter stricken from the bill by amendment or deleted from the law by amendment.



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

5 (ii) If an individual elects to use the standard deduction on the
 6 federal income tax return, the individual may not take any itemized deduction in §
 7 10-218 of this subtitle.

8 (2) A fiduciary may not use the standard deduction.

9 (b) ~~¶~~Subject to the limitation in subsection (c) of this section, the standard
 10 deduction for an individual is an amount equal to 15% of the individual's Maryland adjusted
 11 gross income.

12 (c)~~¶~~ (1) For an individual other than one described in paragraphs (2) and (3) of
 13 this subsection, the standard deduction~~¶~~:

14 (i) may not be less than \$1,500; and

15 (ii) may not exceed~~¶~~ ~~is~~ \$2,000.

16 (2) For an individual described in § 2 of the Internal Revenue Code as a
 17 head of household or as a surviving spouse, the standard deduction~~¶~~:

18 (i) may not be less than \$3,000; and

19 (ii) may not exceed~~¶~~ ~~is~~ \$4,000.

20 (3) For spouses on a joint return, the standard deduction~~¶~~:

21 (i) may not be less than \$3,000; and

22 (ii) may not exceed~~¶~~ ~~is~~ \$4,000.

23 **(D) (1) FOR EACH TAXABLE YEAR BEGINNING AFTER DECEMBER 31,**
 24 **2018, EACH MINIMUM AND MAXIMUM STANDARD DEDUCTION LIMITATION AMOUNT**
 25 **SPECIFIED IN SUBSECTION (C) OF THIS SECTION SHALL BE INCREASED BY AN**
 26 **AMOUNT EQUAL TO THE PRODUCT OF MULTIPLYING THE MINIMUM AND MAXIMUM**
 27 **STANDARD DEDUCTION LIMITATION AMOUNT BY THE COST-OF-LIVING**
 28 **ADJUSTMENT SPECIFIED IN THIS SUBSECTION.**

29 **(2) FOR PURPOSES OF THIS SUBSECTION, THE COST-OF-LIVING**
 30 **ADJUSTMENT IS THE COST-OF-LIVING ADJUSTMENT WITHIN THE MEANING OF §**
 31 **1(F)(3) OF THE INTERNAL REVENUE CODE FOR THE CALENDAR YEAR IN WHICH A**

1 TAXABLE YEAR BEGINS, AS DETERMINED BY THE COMPTROLLER, BY SUBSTITUTING
2 “CALENDAR YEAR 2017” FOR “CALENDAR YEAR 2016” IN § 1(F)(3)(A) OF THE
3 INTERNAL REVENUE CODE.

4 (3) IF ANY INCREASE DETERMINED UNDER PARAGRAPH (1) OF THIS
5 SUBSECTION IS NOT A MULTIPLE OF \$50, THE INCREASE SHALL BE ROUNDED DOWN
6 TO THE NEXT LOWEST MULTIPLE OF \$50.

7 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect July
8 1, 2018, ~~and shall be applicable to all taxable years beginning after December 31, 2017.~~

Approved:

Governor.

Speaker of the House of Delegates.

President of the Senate.