

HOUSE BILL 588

Q3

8lr2307

By: **Delegates Krebs, Carozza, Mautz, Morgan, Rose, and Shoemaker**

Introduced and read first time: January 29, 2018

Assigned to: Ways and Means

A BILL ENTITLED

1 AN ACT concerning

2 **Income Tax – Rate Brackets, Personal Exemptions, and Standard Deduction**
3 **– Cost-of-Living Adjustments**

4 FOR the purpose of altering certain State income tax rate bracket thresholds by a certain
5 cost-of-living adjustment; altering the amount of certain exemptions allowed under
6 the State income tax for certain taxable years by a certain cost-of-living adjustment;
7 altering the minimum and maximum limitation amounts of certain standard
8 deductions allowed under the State income tax for certain taxable years by a certain
9 cost-of-living adjustment; providing for the application of this Act; and generally
10 relating to a cost-of-living adjustment for the State income tax rate brackets,
11 personal exemptions, and standard deductions.

12 BY repealing and reenacting, without amendments,
13 Article – Tax – General
14 Section 10–105(a)(1)(iii) and (2)(iii)
15 Annotated Code of Maryland
16 (2016 Replacement Volume and 2017 Supplement)

17 BY adding to
18 Article – Tax – General
19 Section 10–105(e), 10–211(c), and 10–217(d)
20 Annotated Code of Maryland
21 (2016 Replacement Volume and 2017 Supplement)

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

24 **Article – Tax – General**

25 10–105.

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



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

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

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

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

7 **(E) (1) FOR EACH TAXABLE YEAR:**

8 **(I) THE TOP THRESHOLD FOR APPLICATION OF THE RATE**
9 **SPECIFIED IN SUBSECTION (A)(1)(III) OF THIS SECTION SHALL BE INCREASED BY**
10 **THE AMOUNT EQUAL TO THE PRODUCT OF MULTIPLYING THAT THRESHOLD TIMES**
11 **THE COST-OF-LIVING ADJUSTMENT SPECIFIED IN THIS SUBSECTION;**

12 **(II) EACH RATE BRACKET THRESHOLD SPECIFIED IN**
13 **SUBSECTION (A)(1)(IV) THROUGH (VIII) OF THIS SECTION SHALL BE INCREASED BY**
14 **THE SAME DOLLAR AMOUNT AS THE INCREASE DETERMINED UNDER ITEM (I) OF**
15 **THIS PARAGRAPH;**

16 **(III) THE TOP THRESHOLD FOR APPLICATION OF THE RATE**
17 **SPECIFIED IN SUBSECTION (A)(2)(III) OF THIS SECTION SHALL BE INCREASED BY**
18 **THE AMOUNT EQUAL TO THE PRODUCT OF MULTIPLYING THAT THRESHOLD TIMES**
19 **THE COST-OF-LIVING ADJUSTMENT SPECIFIED IN THIS SUBSECTION; AND**

20 **(IV) EACH RATE BRACKET THRESHOLD SPECIFIED IN**
21 **SUBSECTION (A)(2)(IV) THROUGH (VIII) OF THIS SECTION SHALL BE INCREASED BY**
22 **THE SAME DOLLAR AMOUNT AS THE INCREASE DETERMINED UNDER ITEM (III) OF**
23 **THIS PARAGRAPH.**

24 **(2) FOR PURPOSES OF THIS SUBSECTION THE COST-OF-LIVING**
25 **ADJUSTMENT IS THE COST-OF-LIVING ADJUSTMENT WITHIN THE MEANING OF §**
26 **1(F)(3) OF THE INTERNAL REVENUE CODE FOR THE CALENDAR YEAR IN WHICH A**
27 **TAXABLE YEAR BEGINS, AS DETERMINED BY THE COMPTROLLER BY SUBSTITUTING**
28 **“CALENDAR YEAR 2017” FOR “CALENDAR YEAR 2016” IN § 1(F)(3)(A) OF THE**
29 **INTERNAL REVENUE CODE.**

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

1 **(C) (1) FOR EACH TAXABLE YEAR BEGINNING AFTER DECEMBER 31,**
2 **2018, EACH PER-EXEMPTION AMOUNT SPECIFIED IN SUBSECTIONS (A) AND (B) OF**
3 **THIS SECTION SHALL BE INCREASED BY AN AMOUNT EQUAL TO THE PRODUCT OF**
4 **MULTIPLYING THE PER-EXEMPTION DEDUCTION AMOUNT TIMES THE**
5 **COST-OF-LIVING ADJUSTMENT SPECIFIED IN THIS SUBSECTION.**

6 **(2) FOR PURPOSES OF THIS SUBSECTION THE COST-OF-LIVING**
7 **ADJUSTMENT IS THE COST-OF-LIVING ADJUSTMENT WITHIN THE MEANING OF §**
8 **1(F)(3) OF THE INTERNAL REVENUE CODE FOR THE CALENDAR YEAR IN WHICH A**
9 **TAXABLE YEAR BEGINS, AS DETERMINED BY THE COMPTROLLER BY SUBSTITUTING**
10 **“CALENDAR YEAR 2017” FOR “CALENDAR YEAR 2016” IN § 1(F)(3)(A) OF THE**
11 **INTERNAL REVENUE CODE.**

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

15 10-217.

16 **(D) (1) FOR EACH TAXABLE YEAR BEGINNING AFTER DECEMBER 31,**
17 **2018, EACH MINIMUM AND MAXIMUM STANDARD DEDUCTION LIMITATION AMOUNT**
18 **SPECIFIED IN SUBSECTION (C) OF THIS SECTION SHALL BE INCREASED BY AN**
19 **AMOUNT EQUAL TO THE PRODUCT OF MULTIPLYING THE MINIMUM AND MAXIMUM**
20 **STANDARD DEDUCTION LIMITATION AMOUNT BY THE COST-OF-LIVING**
21 **ADJUSTMENT SPECIFIED IN THIS SUBSECTION.**

22 **(2) FOR PURPOSES OF THIS SUBSECTION THE COST-OF-LIVING**
23 **ADJUSTMENT IS THE COST-OF-LIVING ADJUSTMENT WITHIN THE MEANING OF §**
24 **1(F)(3) OF THE INTERNAL REVENUE CODE FOR THE CALENDAR YEAR IN WHICH A**
25 **TAXABLE YEAR BEGINS, AS DETERMINED BY THE COMPTROLLER BY SUBSTITUTING**
26 **“CALENDAR YEAR 2017” FOR “CALENDAR YEAR 2016” IN § 1(F)(3)(A) OF THE**
27 **INTERNAL REVENUE CODE.**

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

31 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect July
32 1, 2018, and shall be applicable to all taxable years beginning after December 31, 2017.