

SENATE BILL 18

Q3
SB 165/18 – B&T

(PRE-FILED)

9lr0779

By: **Senator Serafini**

Requested: November 16, 2018

Introduced and read first time: January 9, 2019

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 and 2018 Supplement)

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, 2019, and shall be applicable to all taxable years beginning after December 31, 2019.