BY: Delegate Ports

<u>AMENDMENTS TO HOUSE BILL NO. 511, AS AMENDED</u>
(First Reading File Bill)

<u>AMENDMENT NO. 1</u>
        Strike in their entirety the Committee on Ways and Means Amendments (HB511/345635/1).

<u>AMENDMENT NO. 2</u>
        On page 1 of the bill, in line 2, strike "Reform" and substitute "<u>- Reduction</u>"; strike beginning with "altering" in line 4 down through "taxes" in line 9 and substitute "<u>altering the maximum amount of a certain subtraction modification for two-income married couples filing joint returns; altering the amount that an individual may deduct for certain exemptions to determine Maryland taxable income; altering the calculation of the county income tax; providing for the application of this Act; and generally relating to the Maryland income tax</u>"; strike in their entirety lines 12 and 13 and substitute "<u>Section 10-105(a), 10-106(a)(1), 10-207(r), 10-211, and 10-604</u>"; and after line 15, insert:

"<u>BY adding to</u>
        <u>Article - Tax - General</u>
        <u>Section 10-106(d)</u>
        <u>Annotated Code of Maryland</u>
        <u>(1988 Volume and 1996 Supplement)</u>".

<u>AMENDMENT NO. 3</u>
        On pages 1 through 3 of the bill, strike the lines beginning with line 19 on page 1 through line 31 on page 3.

        On page 3 of the bill, in line 34, strike "2%" and substitute "<u>0%</u>".

        On page 4 of the bill, in line 2, strike the brackets and strike "FOR"; and strike beginning with the colon in line 2 down through "1999" in line 8.

(Over)

AMENDMENT NO. 4

On pages 4 through 7 of the bill, strike in their entirety the lines beginning line 9 on page 4 through line 9 on page 7 and substitute:

"10-106.

(a) (1) Each county shall set, by ordinance or resolution, a county income tax equal to at least 20% but not more than 60%, to be applied to the State income tax for an individual, MODIFIED AS PROVIDED UNDER SUBSECTION (D) OF THIS SECTION.

(D) FOR PURPOSES OF CALCULATING THE COUNTY INCOME TAX, THE STATE INCOME TAX SHALL BE DETERMINED BY:

(1) USING A STATE TAX RATE OF 2% INSTEAD OF 0% FOR MARYLAND TAXABLE INCOME OF $1 THROUGH $1,000;

(2) ALLOWING A MAXIMUM OF $1,200 INSTEAD OF $1,600 FOR THE SUBTRACTION MODIFICATION FOR TWO-INCOME MARRIED COUPLES UNDER § 10-207(R) OF THIS TITLE; AND

(3) ALLOWING $1,200 INSTEAD OF $2,200 FOR EACH EXEMPTION ALLOWED UNDER § 10-211(1) AND (2) OF THIS TITLE.

10-207.

(r) (1) In this subsection, "modified Maryland adjusted gross income" means Maryland adjusted gross income determined separately for each spouse on a joint return without regard to the subtraction allowed under this subsection.

(2) For a two-income married couple filing a joint return, the subtraction under subsection (a) of this section includes the lesser of:

(i) [$1,200] $1,600; or

(ii) the modified Maryland adjusted gross income of the spouse with the lesser modified Maryland adjusted gross income for the taxable year.

10-211.

Whether or not a federal return is filed, to determine Maryland taxable income, an individual other than a fiduciary may deduct as an exemption:

(1) [$1,200] $2,200 for each exemption that the individual may deduct in the taxable year to determine federal taxable income under § 151 of the Internal Revenue Code;

(2) an additional [$1,200] $2,200 for each dependent, as defined in § 152 of the Internal Revenue Code, who is at least 65 years old on the last day of the taxable year;

(3) an additional $1,000 if the individual, on the last day of the taxable year, is at least 65 years old; and

(4) an additional $1,000 if the individual, on the last day of the taxable year, is a blind individual, as described in § 10-208(c) of this subtitle.

10-604.

An individual shall compute the county income tax by applying the county tax rate to the State income tax computed under § 10-601 or § 10-602 of this subtitle[,]:

(1) AS DETERMINED UNDER § 10-106(D) OF THIS TITLE; AND

(2) as modified by the credits allowed under Subtitle 7 of this title against the county income tax.";

and in line 10, strike "4." and substitute "2.".