
By: Senators Van Hollen, Stone, Hoffman, Amoss, Middleton, McFadden, Lawlah, Kasemeyer, Bromwell, Teitelbaum, Sfikas, Dyson, Forehand, Conway, Astle, and Hogan

Introduced and read first time: January 23, 1997

Assigned to: Budget and Taxation

A BILL ENTITLED

1 AN ACT concerning

2 **Tax Cut Fairness Act**

3 FOR the purpose of altering the amount that an individual may deduct for certain
4 exemptions to determine Maryland taxable income for purposes of the State income
5 tax; altering the calculation of the county income tax; providing for the application
6 of this Act; and generally relating to the Maryland income tax.

7 BY repealing and reenacting, with amendments,
8 Article - Tax - General
9 Section 10-103(a), 10-106(a)(1), 10-211, 10-604, and 10-706(c)
10 Annotated Code of Maryland
11 (1988 Volume and 1996 Supplement)

12 BY adding to
13 Article - Tax - General
14 Section 10-106(d)
15 Annotated Code of Maryland
16 (1988 Volume and 1996 Supplement)

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

19 **Article - Tax - General**

20 10-103.

21 (a) Each county shall have a county income tax measured by the State income tax,
22 MODIFIED AS PROVIDED UNDER § 10-106(D) OF THIS SUBTITLE, of:

23 (1) each resident, other than a fiduciary, who on the last day of the taxable
24 year:

25 (i) is domiciled in the county; or

26 (ii) maintains a principal residence or a place of abode in the county;

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1 (2) each personal representative of an estate if the decedent was domiciled
2 in the county on the date of the decedent's death;

3 (3) each resident fiduciary of:

4 (i) a trust that is principally administered in the county; or

5 (ii) a trust that is otherwise principally connected to the county and is
6 not principally administered in the State; and

7 (4) except as provided in § 10-806(c) of this title, a nonresident who derives
8 income from salary, wages, or other compensation for personal services for employment
9 in the county.

10 10-106.

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

14 (D) FOR PURPOSES OF CALCULATING THE COUNTY INCOME TAX, THE STATE
15 INCOME TAX SHALL BE DETERMINED BY ALLOWING \$1,200 INSTEAD OF THE
16 AMOUNT SPECIFIED IN § 10-211(1) OR (2) OF THIS TITLE FOR EACH EXEMPTION
17 ALLOWED UNDER § 10-211(1) OR (2) OF THIS TITLE.

18 10-211.

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

21 (1) [\$1,200] for each exemption that the individual may deduct in the
22 taxable year to determine federal taxable income under § 151 of the Internal Revenue
23 Code:

24 (I) \$1,600 FOR A TAXABLE YEAR BEGINNING AFTER DECEMBER 31,
25 1997 BUT BEFORE JANUARY 1, 1999;

26 (II) \$2,200 FOR A TAXABLE YEAR BEGINNING AFTER DECEMBER 31,
27 1998 BUT BEFORE JANUARY 1, 2000; AND

28 (III) \$3,400 FOR A TAXABLE YEAR BEGINNING AFTER DECEMBER 31,
29 1999;

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

33 (I) \$1,600 FOR A TAXABLE YEAR BEGINNING AFTER DECEMBER 31,
34 1997 BUT BEFORE JANUARY 1, 1999;

35 (II) \$2,200 FOR A TAXABLE YEAR BEGINNING AFTER DECEMBER 31,
36 1998 BUT BEFORE JANUARY 1, 2000; AND

37 (III) \$3,400 FOR A TAXABLE YEAR BEGINNING AFTER DECEMBER 31,
38 1999;

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

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

5 10-604.

6 [An] EXCEPT AS OTHERWISE PROVIDED IN THIS SUBTITLE, AN individual shall
7 compute the county income tax by applying the county tax rate to the State income tax
8 computed under § 10-601 or § 10-602 of this subtitle, [as] DETERMINED AS PROVIDED
9 UNDER § 10-106(D) OF THIS SUBTITLE and modified by the credits allowed under
10 Subtitle 7 of this title against the county income tax.

11 10-706.

12 (c) (1) A credit under § 10-704 of this subtitle:

13 (i) is allowed only against the State income tax; and

14 (ii) operates to reduce the county income tax.

15 (2) (I) The county income tax is based on the amount of State income tax
16 after the State income tax is reduced by the credit.

17 (II) FOR PURPOSES OF DETERMINING THE COUNTY INCOME TAX,
18 THE CREDIT UNDER § 10-704 OF THIS SUBTITLE SHALL BE CALCULATED USING THE
19 STATE INCOME TAX AS MODIFIED UNDER § 10-106(D) OF THIS TITLE.

20 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
21 July 1, 1997 and shall be applicable to all taxable years beginning after December 31,
22 1997.