
By: Senator Hoffman

Introduced and read first time: January 31, 1997

Assigned to: Budget and Taxation

A BILL ENTITLED

1 AN ACT concerning

2 **Qualified Capital Gains - Maximum Tax**

3 FOR the purpose of allowing a credit against the Maryland individual income tax to limit
4 the amount of State and county income taxes payable for any taxable year by an
5 individual on certain capital gain income; and providing for the application of this
6 Act.

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

12 BY adding to
13 Article - Tax - General
14 Section 10-708
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 10-706.

21 (c) (1) A credit under § 10-704 OR § 10-708 of this subtitle:

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

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

24 (2) The county income tax is based on the amount of State income tax after
25 the State income tax is reduced by the credit.

26 10-708.

27 (A) IN THIS SECTION, "QUALIFIED CAPITAL GAIN" MEANS THE NET CAPITAL
28 GAIN, WITHIN THE MEANING OF § 1222(11) OF THE INTERNAL REVENUE CODE, THAT:

2

1 (1) IS INCLUDED IN THE MARYLAND ADJUSTED GROSS INCOME OF AN
2 INDIVIDUAL; AND

3 (2) WOULD BE SUBTRACTED FROM FEDERAL ADJUSTED GROSS INCOME
4 UNDER § 10-210(B) OF THIS TITLE IF THE INDIVIDUAL WERE A NONRESIDENT.

5 (B) AN INDIVIDUAL MAY CLAIM A CREDIT AGAINST THE STATE INCOME TAX
6 FOR A TAXABLE YEAR IN THE AMOUNT BY WHICH THE STATE INCOME TAX
7 EXCEEDS THE SUM OF:

8 (1) \$65,000; AND

9 (2) THE STATE INCOME TAX THAT WOULD BE PAYABLE ON THE
10 INDIVIDUAL'S MARYLAND TAXABLE INCOME REDUCED BY THE AMOUNT OF THE
11 INDIVIDUAL'S QUALIFIED CAPITAL GAIN.

12 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
13 July 1, 1997 and shall be applicable to all taxable years beginning after December 31,
14 1996.