

---

By: **Delegates Ports, Baldwin, Beck, Brinkley, M. Burns, Ciliberti, Cryor, Eckardt, Edwards, Elliott, Faulkner, Flanagan, Getty, Greenip, Harkins, Holt, D. Hughes, Hutchins, Jacobs, Kach, Kittleman, Klima, La Vay, Leopold, McClenahan, Morgan, Mossburg, D. Murphy, O'Donnell, Redmer, Rzepkowski, Schade, Schisler, Snodgrass, Stocksdales, Stull, Stup, and Walkup**

Introduced and read first time: February 13, 1998  
Assigned to: Ways and Means

---

A BILL ENTITLED

1 AN ACT concerning

2 **Income Tax Reduction**

3 FOR the purpose of altering a certain tax rate under the Maryland State income tax  
4 on individuals; altering the amount that an individual may deduct for certain  
5 exemptions to determine Maryland taxable income for purposes of the State  
6 income tax for certain taxable years; altering the maximum amount of a certain  
7 subtraction modification for two-income married couples filing joint returns for  
8 certain taxable years; altering the calculation of the county income tax;  
9 providing for the application of this Act; and generally relating to the State  
10 income tax.

11 BY repealing and reenacting, with amendments,  
12 Article - Tax - General  
13 Section 10-105(a), 10-106(d), 10-207(r), and 10-211  
14 Annotated Code of Maryland  
15 (1997 Replacement Volume)

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

18 **Article - Tax - General**

19 10-105.

20 (a) The State income tax rate for an individual is:

- 21 (1) [2%] 0% of Maryland taxable income of \$1 through \$1,000;
- 22 (2) 3% of Maryland taxable income of \$1,001 through \$2,000;
- 23 (3) 4% of Maryland taxable income of \$2,001 through \$3,000; and

- 1 (4) for Maryland taxable income in excess of \$3,000:
- 2 (i) 4.95% for a taxable year beginning after December 31, 1997 but  
3 before January 1, 1999;
- 4 (ii) 4.9% for a taxable year beginning after December 31, 1998 but  
5 before January 1, 2000;
- 6 (iii) 4.85% for a taxable year beginning after December 31, 1999 but  
7 before January 1, 2001;
- 8 (iv) 4.8% for a taxable year beginning after December 31, 2000 but  
9 before January 1, 2002; and
- 10 (v) 4.75% for a taxable year beginning after December 31, 2001.

11 10-106.

12 (d) For purposes of determining the county income tax, the State income tax  
13 shall be calculated by:

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

16 [(1)] (2) using a State tax rate of 5% for Maryland taxable income in  
17 excess of \$3,000 instead of the marginal State tax rate for individuals specified under  
18 § 10-105(a)(4) of this subtitle;

19 [(2)] (3) allowing a maximum of \$1,200 instead of the maximum amount  
20 specified under § 10-207(r) of this title for the subtraction modification for  
21 two-income married couples; and

22 [(3)] (4) allowing \$1,200 instead of the amount specified in § 10-211(1)  
23 or (2) of this title for each exemption allowed under § 10-211(1) and (2) of this title.

24 10-207.

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

28 (2) Subject to the limitation under paragraph (3) of this subsection, for a  
29 two-income married couple filing a joint return, the subtraction under subsection (a)  
30 of this section includes the modified Maryland adjusted gross income of the spouse  
31 with the lesser modified Maryland adjusted gross income for the taxable year.

32 (3) The subtraction under paragraph (2) of this subsection may not  
33 exceed:

34 (i) \$1,182 for a taxable year beginning after December 31, 1997 but  
35 before January 1, 1999;

1 (ii) [\$1,163] \$1,571 for a taxable year beginning after December 31,  
2 1998 but before January 1, 2000;

3 (iii) [\$1,144] \$1,557 for a taxable year beginning after December 31,  
4 1999 but before January 1, 2001;

5 (iv) [\$1,125] \$1,542 for a taxable year beginning after December 31,  
6 2000 but before January 1, 2002; and

7 (v) [\$1,105] \$1,526 for a taxable year beginning after December 31,  
8 2001.

9 10-211.

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

12 (1) for each exemption that the individual may deduct in the taxable  
13 year to determine federal taxable income under § 151 of the Internal Revenue Code:

14 (i) \$1,400 for a taxable year beginning after December 31, 1997 but  
15 before January 1, 1999;

16 (ii) [\$1,600] \$2,200 for a taxable year beginning after December 31,  
17 1998 but before January 1, 2000;

18 (iii) [\$1,850] \$2,450 for a taxable year beginning after December 31,  
19 1999 but before January 1, 2001;

20 (iv) [\$2,100] \$2,750 for a taxable year beginning after December 31,  
21 2000 but before January 1, 2002; and

22 (v) [\$2,400] \$3,000 for a taxable year beginning after December 31,  
23 [2001] 1999;

24 (2) for each dependent, as defined in § 152 of the Internal Revenue Code,  
25 who is at least 65 years old on the last day of the taxable year, an additional:

26 (i) \$1,400 for a taxable year beginning after December 31, 1997 but  
27 before January 1, 1999;

28 (ii) [\$1,600] \$2,200 for a taxable year beginning after December 31,  
29 1998 but before January 1, 2000;

30 (iii) [\$1,850] \$2,450 for a taxable year beginning after December 31,  
31 1999 but before January 1, 2001;

32 (iv) [\$2,100] \$2,750 for a taxable year beginning after December 31,  
33 2000 but before January 1, 2002; and

1 (v) [\$2,400] \$3,000 for a taxable year beginning after December 31,  
2 2001;

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

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

7 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect  
8 July 1, 1998 and shall be applicable to all taxable years beginning after December 31,  
9 1998.