

SENATE BILL 602

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Q3

1998 Regular Session
8r1556

By: **Senators Neall, Boozer, Astle, Bromwell, Colburn, Craig, Della, Derr,
Ferguson, Fry, Hafer, Hogan, Lawlah, Middlebrooks, Munson, Stoltzfus,
and Middleton**

Introduced and read first time: February 6, 1998
Assigned to: Budget and Taxation

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 for certain taxable years; altering the maximum amount of a
5 certain subtraction modification for two-income married couples filing joint
6 returns for certain taxable years; providing for the application of this Act; and
7 generally relating to the State income tax.

8 BY repealing and reenacting, with amendments,

9 Article - Tax - General
10 Section 10-105(a) and 10-207(r)
11 Annotated Code of Maryland
12 (1997 Replacement Volume)

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

15 **Article - Tax - General**

16 10-105.

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

- 18 (1) 2% of Maryland taxable income of \$1 through \$1,000;
19 (2) 3% of Maryland taxable income of \$1,001 through \$2,000;
20 (3) 4% of Maryland taxable income of \$2,001 through \$3,000; and
21 (4) for Maryland taxable income in excess of \$3,000:

22 (i) [4.95%] 4.9% for a taxable year beginning after December 31,
23 1997 but before January 1, 1999;

1 (ii) [4.9%] 4.8% for a taxable year beginning after December 31,
2 1998 but before January 1, 2000;

3 (iii) [4.85%] 4.7% for a taxable year beginning after December 31,
4 1999 but before January 1, 2001;

5 (iv) [4.8%] 4.6% for a taxable year beginning after December 31,
6 2000 but before January 1, 2002; and

7 (v) [4.75%] 4.5% for a taxable year beginning after December 31,
8 2001.

9 10-207.

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

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

17 (3) The subtraction under paragraph (2) of this subsection may not
18 exceed:

19 (i) [\$1,182] \$1,163 for a taxable year beginning after December 31,
20 1997 but before January 1, 1999;

21 (ii) [\$1,163] \$1,125 for a taxable year beginning after December 31,
22 1998 but before January 1, 2000;

23 (iii) [\$1,144] \$1,085 for a taxable year beginning after December 31,
24 1999 but before January 1, 2001;

25 (iv) [\$1,125] \$1,043 for a taxable year beginning after December 31,
26 2000 but before January 1, 2002; and

27 (v) [\$1,105] \$1,000 for a taxable year beginning after December 31,
28 2001.

29 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
30 July 1, 1998 and shall be applicable to all taxable years beginning after December 31,
31 1997.