
By: **Senator Hoffman**

Introduced and read first time: February 24, 1998

Assigned to: Rules

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 amount that an individual
5 may deduct for certain exemptions to determine Maryland taxable income for
6 purposes of the State income tax for certain taxable years; altering the amount
7 of a certain subtraction modification for two-income married couples filing joint
8 returns for certain taxable years; requiring the Spending Affordability
9 Committee to include a certain recommendation in a certain report; providing
10 for the application of this Act; and generally relating to the State income tax.

11 BY repealing and reenacting, with amendments,
12 Article - Tax - General
13 Section 10-105(a), 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% 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
- 24 (4) for Maryland taxable income in excess of \$3,000:

25 (i) [4.95%] 4.9% for a taxable year beginning after December 31,
26 1997 but before January 1, 1999;

1 (ii) [4.9%] 4.85% for a taxable year beginning after December 31,
2 1998 but before January 1, 2000;

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

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

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

8 10-207.

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

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

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

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

20 (ii) [\$1,163] \$1,144 for a taxable year beginning after December 31,
21 1998 but before January 1, 2000;

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

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

26 (v) \$1,105 for a taxable year beginning after December 31, 2001.

27 10-211.

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

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

32 (i) [\$1,400] \$1,600 for a taxable year beginning after December 31,
33 1997 but before January 1, 1999;

1 (ii) [\$1,600] \$1,850 for a taxable year beginning after December 31,
2 1998 but before January 1, 2000;

3 (iii) \$1,850 for a taxable year beginning after December 31, 1999 but
4 before January 1, 2001;

5 (iv) \$2,100 for a taxable year beginning after December 31, 2000 but
6 before January 1, 2002; and

7 (v) \$2,400 for a taxable year beginning after December 31, 2001;

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

10 (i) [\$1,400] \$1,600 for a taxable year beginning after December 31,
11 1997 but before January 1, 1999;

12 (ii) [\$1,600] \$1,850 for a taxable year beginning after December 31,
13 1998 but before January 1, 2000;

14 (iii) \$1,850 for a taxable year beginning after December 31, 1999 but
15 before January 1, 2001;

16 (iv) \$2,100 for a taxable year beginning after December 31, 2000 but
17 before January 1, 2002; and

18 (v) \$2,400 for a taxable year beginning after December 31, 2001;

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

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

23 SECTION 2. AND BE IT FURTHER ENACTED, That the Spending
24 Affordability Committee shall include a recommendation in its final report of the
25 1999 interim as to the fiscal prudence of further accelerating the individual income
26 tax reduction enacted by Chapter 4 of the Acts of the General Assembly of 1997.

27 SECTION 3. AND BE IT FURTHER ENACTED, That this Act shall take effect
28 July 1, 1998 and shall be applicable to all taxable years beginning after December 31,
29 1997.