

SENATE BILL 750

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Q3

1998 Regular Session
8lr2553

By: ~~Senator Hoffman~~ Senators Hoffman, Ruben, Boozer, Currie, Fry, Hogan,
Kasemeyer, Lawlah, McFadden, Middleton, Munson, Neall, and Van
Hollen

Introduced and read first time: February 24, 1998
Assigned to: Rules
Re-referred to: Budget and Taxation, February 25, 1998

Committee Report: Favorable with amendments
Senate action: Adopted
Read second time: March 18, 1998

CHAPTER _____

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; requiring
10 the Governor to appropriate certain amounts to the Revenue Stabilization
11 Account of the State Reserve Fund for certain fiscal years; providing for the
12 application of this Act; and generally relating to the State income tax.

13 BY repealing and reenacting, with amendments,
14 Article - Tax - General
15 Section 10-105(a), 10-207(r), and 10-211
16 Annotated Code of Maryland
17 (1997 Replacement Volume)

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

1

Article - Tax - General

2 10-105.

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

4 (1) 2% of Maryland taxable income of \$1 through \$1,000;

5 (2) 3% of Maryland taxable income of \$1,001 through \$2,000;

6 (3) 4% of Maryland taxable income of \$2,001 through \$3,000; and

7 (4) for Maryland taxable income in excess of \$3,000:

8 (i) [4.95%] ~~4.9%~~ 4.875% for a taxable year beginning after
9 December 31, 1997 but before January 1, 1999;10 (ii) [4.9%] 4.85% for a taxable year beginning after December 31,
11 1998 but before January 1, 2000;12 (iii) 4.85% for a taxable year beginning after December 31, 1999 but
13 before January 1, 2001;14 (iv) 4.8% for a taxable year beginning after December 31, 2000 but
15 before January 1, 2002; and

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

17 10-207.

18 (r) (1) In this subsection, "modified Maryland adjusted gross income" means
19 Maryland adjusted gross income determined separately for each spouse on a joint
20 return without regard to the subtraction allowed under this subsection.21 (2) Subject to the limitation under paragraph (3) of this subsection, for a
22 two-income married couple filing a joint return, the subtraction under subsection (a)
23 of this section includes the modified Maryland adjusted gross income of the spouse
24 with the lesser modified Maryland adjusted gross income for the taxable year.25 (3) The subtraction under paragraph (2) of this subsection may not
26 exceed:27 (i) [\$1,182] ~~\$1,163~~ \$1,154 for a taxable year beginning after
28 December 31, 1997 but before January 1, 1999;29 (ii) [\$1,163] \$1,144 for a taxable year beginning after December 31,
30 1998 but before January 1, 2000;31 (iii) \$1,144 for a taxable year beginning after December 31, 1999 but
32 before January 1, 2001;

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

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

4 10-211.

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

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

9 (i) [\$1,400] ~~\$1,600~~ \$1,750 for a taxable year beginning after
10 December 31, 1997 but before January 1, 1999;

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

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

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

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

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

20 (i) [\$1,400] ~~\$1,600~~ \$1,750 for a taxable year beginning after
21 December 31, 1997 but before January 1, 1999;

22 (ii) [\$1,600] \$1,850 for a taxable year beginning after December 31,
23 1998 but before January 1, 2000;

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

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

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

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

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

1 SECTION 2. AND BE IT FURTHER ENACTED, That the Spending
2 Affordability Committee shall include a recommendation in its final report of the
3 1999 interim as to the fiscal prudence of further accelerating the individual income
4 tax reduction enacted by Chapter 4 of the Acts of the General Assembly of 1997 or
5 increasing the total amount of the reduction above 10%.

6 SECTION 3. ~~AND BE IT FURTHER ENACTED,~~ That for each of fiscal years
7 2000, 2001, 2002, and 2003, respectively, the Governor shall include an appropriation
8 to the Revenue Stabilization Account of the State Reserve Fund established in §
9 7-311 of the State Finance and Procurement Article, in an amount equal to the
10 amount by which the unappropriated general fund surplus as of June 30, 1998, June
11 30, 1999, June 30, 2000, and June 30, 2001, respectively, exceeds \$10,000,000.

12 SECTION ~~3.~~ 4. AND BE IT FURTHER ENACTED, That this Act shall take
13 effect July 1, 1998 and shall be applicable to all taxable years beginning after
14 December 31, 1997.