

SENATE BILL 284

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Q3  
SB 310/98 - B&T

1999 Regular Session  
9lr0746

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By: **Senator Hoffman**

Introduced and read first time: February 4, 1999

Assigned to: Budget and Taxation

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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  
4 limit the amount of State and county income taxes payable for any taxable year  
5 by an individual on certain capital gain income; and providing for the  
6 application of this Act.

7 BY repealing and reenacting, with amendments,  
8 Article - Tax - General  
9 Section 10-706(c)  
10 Annotated Code of Maryland  
11 (1997 Replacement Volume and 1998 Supplement)

12 BY adding to  
13 Article - Tax - General  
14 Section 10-712  
15 Annotated Code of Maryland  
16 (1997 Replacement Volume and 1998 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], § 10-709, OR § 10-712 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) Subject to paragraph (3) of this subsection, the county income tax is  
25 based on the amount of State income tax after the State income tax is reduced by the  
26 sum of the credits allowed under §§ 10-704 [and], 10-709, AND 10-712 of this subtitle.

1           (3)     (i)     For purposes of determining the county income tax, the credit  
2 under § 10-704 [or], § 10-709, OR § 10-712 of this subtitle shall be calculated using  
3 the State income tax as modified under § 10-106(c) of this title.

4                   (ii)     If the credit allowed under § 10-704 of this subtitle for any  
5 taxable year exceeds the State income tax as modified under § 10-106(c) of this title,  
6 the county income tax is zero.

7 10-712.

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

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

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

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

17           (1)     \$65,000; AND

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

21     SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect  
22 July 1, 1999 and shall be applicable to all taxable years beginning after December 31,  
23 1998.