

SENATE BILL 100

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Q3

2002 Regular Session  
2lr0036

(PRE-FILED)

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By: **Chairman, Budget and Taxation Committee (Departmental -  
Comptroller)**

Requested: October 19, 2001

Introduced and read first time: January 9, 2002

Assigned to: Budget and Taxation

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Committee Report: Favorable

Senate action: Adopted

Read second time: January 29, 2002

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CHAPTER \_\_\_\_\_

1 AN ACT concerning

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**Income Tax - Electing Small Business Trust**

3 FOR the purpose of altering the definition of federal adjusted gross income under the  
4 income tax as it relates to a fiduciary to include certain income of certain trusts;  
5 providing for the application of this Act; and generally relating to the definition  
6 of federal adjusted gross income for certain trusts under the income tax law.

7 BY repealing and reenacting, with amendments,

8 Article - Tax - General

9 Section 10-101(c-1)

10 Annotated Code of Maryland

11 (1997 Replacement Volume and 2001 Supplement)

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

14

**Article - Tax - General**

15 10-101.

16 (c-1) "Federal adjusted gross income" means:

17 (1) for an individual other than a fiduciary, the individual's adjusted  
18 gross income as determined under the Internal Revenue Code;

1                   (2)       for a fiduciary other than one described in item (3) of this subsection,  
2 the fiduciary's taxable income, as determined under the Internal Revenue Code,  
3 increased by:

4                   (I)       the amount allowed to the fiduciary as a deduction for a  
5 personal exemption under § 642(b) of the Internal Revenue Code; AND

6                   (II)       THE AMOUNT OF INCOME OF AN ELECTING SMALL BUSINESS  
7 TRUST, AS DEFINED UNDER § 1361(E)(1) OF THE INTERNAL REVENUE CODE, THAT IS  
8 SUBJECT TO THE SPECIAL TAXING RULES UNDER § 641(C) OF THE INTERNAL  
9 REVENUE CODE; or

10                  (3)       for a fiduciary exempt from taxation under § 408(e)(1) or § 501 of the  
11 Internal Revenue Code, the fiduciary's unrelated business taxable income as defined  
12 under § 512 of the Internal Revenue Code.

13       SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take  
14 effect July 1, 2002 and shall be applicable to all taxable years beginning after  
15 December 31, 2001.