
By: **Delegates Gutierrez, Bobo, Anderson, Barkley, Brown, Burns, Carter,
Franchot, Heller, Kaiser, Madaleno, Marriott, McIntosh, Taylor, and
V. Turner**

Introduced and read first time: February 13, 2004
Assigned to: Ways and Means

A BILL ENTITLED

1 AN ACT concerning

2 **Maryland Progressive Income Tax Reform Act of 2004**

3 FOR the purpose of altering certain tax rates and rate brackets under the State
4 income tax on individuals; requiring the Comptroller to issue new employer
5 withholding tables reflecting certain rates and rate brackets; requiring the
6 Comptroller to waive certain interest and penalties; providing for the
7 application of this Act; and generally relating to certain tax rates and rate
8 brackets under the State income tax on individuals.

9 BY repealing and reenacting, with amendments,
10 Article - Tax - General
11 Section 10-105(a)
12 Annotated Code of Maryland
13 (1997 Replacement Volume and 2003 Supplement)

14 BY adding to
15 Article - Tax - General
16 Section 10-105(d)
17 Annotated Code of Maryland
18 (1997 Replacement Volume and 2003 Supplement)

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

21 **Article - Tax - General**

22 10-105.

23 (a) (1) [The] EXCEPT AS PROVIDED IN PARAGRAPH (2) OF THIS
24 SUBSECTION, THE State income tax rate for an individual is:

25 [(1)] (I) 2% of Maryland taxable income of \$1 through \$1,000;

- 1 [(2)] (II) 3% of Maryland taxable income of \$1,001 through \$2,000;
- 2 [(3)] (III) 4% of Maryland taxable income of \$2,001 through \$3,000; [and]
- 3 [(4)] for Maryland taxable income in excess of \$3,000:
- 4 (i) 4.875% for a taxable year beginning after December 31, 1997
5 but before January 1, 1999;
- 6 (ii) 4.85% for a taxable year beginning after December 31, 1998 but
7 before January 1, 2000;
- 8 (iii) 4.85% for a taxable year beginning after December 31, 1999 but
9 before January 1, 2001;
- 10 (iv) 4.8% for a taxable year beginning after December 31, 2000 but
11 before January 1, 2002; and]
- 12 (IV) 4.75% OF MARYLAND TAXABLE INCOME OF \$3,001 THROUGH
13 THE APPLICABLE DOLLAR AMOUNT DETERMINED UNDER SUBSECTION (D)(1) OF THIS
14 SECTION;
- 15 (V) 5.75% OF MARYLAND TAXABLE INCOME IN EXCESS OF THE
16 APPLICABLE DOLLAR AMOUNT DETERMINED UNDER SUBSECTION (D)(1) OF THIS
17 SECTION THROUGH \$301,000; AND
- 18 (VI) 6.75% OF MARYLAND TAXABLE INCOME IN EXCESS OF \$301,000.
- 19 (2) THE STATE INCOME TAX RATE FOR AN INDIVIDUAL WHOSE FEDERAL
20 ADJUSTED GROSS INCOME DOES NOT EXCEED \$19,000 IS 0% OF ALL MARYLAND
21 TAXABLE INCOME.
- 22 (D) FOR PURPOSES OF THIS SECTION, THE APPLICABLE DOLLAR AMOUNT IS:
- 23 (1) FOR SPOUSES FILING A JOINT RETURN OR FOR A SURVIVING SPOUSE
24 OR HEAD OF HOUSEHOLD AS DEFINED UNDER § 2 OF THE INTERNAL REVENUE CODE,
25 \$210,000; AND
- 26 (2) FOR AN INDIVIDUAL OTHER THAN ONE DESCRIBED IN ITEM (1) OF
27 THIS SUBSECTION, \$160,000.

28 SECTION 2. AND BE IT FURTHER ENACTED, That the Comptroller shall
29 issue new employer withholding tables, to be effective as of July 1, 2004, reflecting the
30 new tax rates and rate brackets under this Act. The Comptroller shall waive any
31 interest or penalty imposed on an individual relating to payment of estimated income
32 tax for calendar year 2004 to the extent the Comptroller determines that the interest
33 or penalty would not have been incurred but for an increase in the income tax rates
34 for calendar year 2004 under this Act.

1 SECTION 3. AND BE IT FURTHER ENACTED, That this Act shall take effect
2 June 1, 2004, and shall be applicable to all taxable years beginning after December
3 31, 2003.