
By: **Delegates Healey and Hixson**
Introduced and read first time: February 18, 2004
Assigned to: Rules and Executive Nominations

A BILL ENTITLED

1 AN ACT concerning

2 **Individual Income Tax - Rates**

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

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) The State income tax rate for an individual is:
- 24 (1) 2% of Maryland taxable income of \$1 through \$1,000;
 - 25 (2) 3% of Maryland taxable income of \$1,001 through \$2,000;
 - 26 (3) 4% of Maryland taxable income of \$2,001 through \$3,000; and

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

2 (i) 4.875% for a taxable year beginning after December 31, 1997
3 but before January 1, 1999;

4 (ii) 4.85% for a taxable year beginning after December 31, 1998 but
5 before January 1, 2000;

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

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

10 (v) 4.75% for a taxable year beginning after December 31, 2001]

11 (I) FOR A TAXABLE YEAR BEGINNING AFTER DECEMBER 31, 2003,
12 BUT BEFORE JANUARY 1, 2007:

13 1. 4.75% OF MARYLAND TAXABLE INCOME OF \$3,001
14 THROUGH THE APPLICABLE DOLLAR AMOUNT DETERMINED UNDER SUBSECTION (D)
15 OF THIS SECTION; AND

16 2. 6% OF MARYLAND TAXABLE INCOME IN EXCESS OF THE
17 APPLICABLE DOLLAR AMOUNT; AND

18 (II) FOR A TAXABLE YEAR BEGINNING AFTER DECEMBER 31, 2006,
19 4.75% OF MARYLAND TAXABLE INCOME IN EXCESS OF \$3,000.

20 (D) FOR PURPOSES OF THIS SECTION, THE APPLICABLE DOLLAR AMOUNT IS:

21 (1) FOR SPOUSES FILING A JOINT RETURN OR FOR A SURVIVING SPOUSE
22 OR HEAD OF HOUSEHOLD AS DEFINED UNDER § 2 OF THE INTERNAL REVENUE CODE,
23 \$250,000; AND

24 (2) FOR AN INDIVIDUAL OTHER THAN ONE DESCRIBED IN ITEM (1) OF
25 THIS SUBSECTION, \$200,000.

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

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