

SB0046/579230/1

BY: Budget and Taxation Committee

AMENDMENTS TO SENATE BILL 46
(First Reading File Bill)

AMENDMENT NO. 1

On page 1, in the sponsor line, strike “Senator Forehand” and substitute “Senators Forehand and Jones”; strike line 2 in its entirety and substitute:

“Budget Financing Act”;

in line 3, after the first “of” insert “altering the distribution of the sales and use tax revenue; altering the State income tax rate for certain income of individuals for certain taxable years;”; in line 7, after “definition;” insert “making a technical correction; requiring the Comptroller to waive certain interest and penalties for a certain taxable year to a certain extent; stating the intent of the General Assembly that the Governor present to the Board of Public Works a certain schedule for reductions to certain expenditures from the State budget for a certain fiscal year; providing for the application of certain provisions of this Act;”; strike beginning with the first “the” in line 7 down through “services” in line 8 and substitute “Maryland State taxes and the financing of State government”; after line 8, insert:

“BY repealing and reenacting, with amendments,

Article – Tax – General

Section 2-1302.2

Annotated Code of Maryland

(2004 Replacement Volume and 2007 Supplement)

(As enacted by Chapter 6 of the Acts of the General Assembly of the 2007
Special Session)

BY repealing and reenacting, with amendments,

Article – Tax – General

(Over)

Section 10-102.1(d)(1)(i), 10-105(a), 11-101(m), and 11-219
Annotated Code of Maryland
(2004 Replacement Volume and 2007 Supplement)
(As enacted by Chapter 3 of the Acts of the General Assembly of the 2007
Special Session)”;

and strike in their entirety lines 16 through 22, inclusive.

AMENDMENT NO. 2

On page 1, after line 27, insert:

“Article – Tax – General

2-1302.2.

After making the distributions required under §§ 2–1301 through 2–1302.1 of
this subtitle, the Comptroller shall pay [6.5% of the remaining sales and use tax
revenue] into the Transportation Trust Fund established under § 3–216 of the
Transportation Article:

(1) FOR EACH FISCAL YEAR BEGINNING BEFORE JULY 1, 2013,
5.3% OF THE REMAINING SALES AND USE TAX REVENUE; AND

(2) FOR EACH FISCAL YEAR BEGINNING ON OR AFTER JULY 1,
2013, 6.5% OF THE REMAINING SALES AND USE TAX REVENUE.

SECTION 2. AND BE IT FURTHER ENACTED, That the Laws of Maryland
read as follows:

Article – Tax – General

10-102.1.

(d) (1) Except as provided in paragraph (2) of this subsection, the tax imposed under subsection (b) of this section is the sum of:

(i) a rate equal to the sum of the rate of the tax imposed under § 10-106.1 of this subtitle and the top marginal State tax rate for individuals under [§ 10-105(a)(4)] § 10-105(A) of this subtitle applied to the sum of each nonresident individual member's distributive share or pro-rata share of a pass-through entity's nonresident taxable income; and

10-105.

(a) (1) [For] EXCEPT AS PROVIDED IN PARAGRAPH (3) OF THIS SUBSECTION, FOR an individual other than an individual described in paragraph (2) of this subsection, the State income tax rate is:

- (i) 2% of Maryland taxable income of \$1 through \$1,000;
- (ii) 3% of Maryland taxable income of \$1,001 through \$2,000;
- (iii) 4% of Maryland taxable income of \$2,001 through \$3,000;
- (iv) 4.75% of Maryland taxable income of \$3,001 through \$150,000;
- (v) 5% of Maryland taxable income of \$150,001 through \$300,000;
- (vi) 5.25% of Maryland taxable income of \$300,001 through \$500,000; and

(Over)

(vii) 5.5% of Maryland taxable income in excess of \$500,000.

(2) [For] EXCEPT AS PROVIDED IN PARAGRAPH (3) OF THIS SUBSECTION, FOR spouses filing a joint return or for a surviving spouse or head of household as defined in § 2 of the Internal Revenue Code, the State income tax rate is:

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

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

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

(iv) 4.75% of Maryland taxable income of \$3,001 through \$200,000;

(v) 5% of Maryland taxable income of \$200,001 through \$350,000;

(vi) 5.25% of Maryland taxable income of \$350,001 through \$500,000; and

(vii) 5.5% of Maryland taxable income in excess of \$500,000.

(3) FOR A TAXABLE YEAR BEGINNING AFTER DECEMBER 31, 2007, BUT BEFORE JANUARY 1, 2011, THE STATE INCOME TAX FOR AN INDIVIDUAL, INCLUDING SPOUSES FILING A JOINT RETURN OR A SURVIVING SPOUSE OR HEAD OF HOUSEHOLD AS DEFINED IN § 2 OF THE INTERNAL REVENUE CODE, IS:

(I) FOR MARYLAND TAXABLE INCOME UP TO \$500,000, THE RATE SPECIFIED IN PARAGRAPH (1)(I) THROUGH (VI) OR (2)(I) THROUGH (VI) OF THIS SUBSECTION; AND

(II) FOR MARYLAND TAXABLE INCOME IN EXCESS OF \$500,000:

1. 5.5% OF MARYLAND TAXABLE INCOME OF \$500,001 THROUGH \$1,000,000; AND

2. 6.25% OF MARYLAND TAXABLE INCOME IN EXCESS OF \$1,000,000.

SECTION 3. AND BE IT FURTHER ENACTED, That the Laws of Maryland read as follows:".

AMENDMENT NO. 3

On page 4, after line 30, insert:

"SECTION 4. AND BE IT FURTHER ENACTED, That the Comptroller shall waive any interest or penalty imposed on an individual relating to payment of estimated income tax for calendar year 2008 to the extent that the Comptroller determines that the interest or penalty would not have been incurred but for an increase in the income tax rates for calendar year 2008 under Section 2 of this Act.

SECTION 5. AND BE IT FURTHER ENACTED, That it is the intent of the General Assembly that, on or before July 1, 2008, the Governor shall present to the Board of Public Works a schedule for reduction of at least \$50,000,000 in ongoing general fund expenditures from the fiscal 2009 State budget in accordance with § 7-213 of the State Finance and Procurement Article.

(Over)

SECTION 6. AND BE IT FURTHER ENACTED, That Section 2 of this Act shall be applicable to all taxable years beginning after December 31, 2007.”;

and in line 31, strike “2.” and substitute “7.”.