

SENATE BILL 1004

Q3

8lr3505

By: **Senator Jones**

Constitutional Requirements Complied with for Introduction in the last 35 Days of Session

Introduced and read first time: March 7, 2008

Assigned to: Rules

A BILL ENTITLED

1 AN ACT concerning

2 **State Individual Income Tax – Surcharge on Higher Incomes**

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

8 BY repealing and reenacting, with amendments,
9 Article – Tax – General
10 Section 10–105(a)
11 Annotated Code of Maryland
12 (2004 Replacement Volume and 2007 Supplement)
13 (As enacted by Chapter 3 of the Acts of the General Assembly of the 2007
14 Special Session)

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

17 **Article – Tax – General**

18 10–105.

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

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

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



- 1 (ii) 3% of Maryland taxable income of \$1,001 through \$2,000;
- 2 (iii) 4% of Maryland taxable income of \$2,001 through \$3,000;
- 3 (iv) 4.75% of Maryland taxable income of \$3,001 through
4 \$150,000;
- 5 (v) 5% of Maryland taxable income of \$150,001 through
6 \$300,000;
- 7 (vi) 5.25% of Maryland taxable income of \$300,001 through
8 \$500,000; and
- 9 (vii) 5.5% of Maryland taxable income in excess of \$500,000.

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

- 13 (i) 2% of Maryland taxable income of \$1 through \$1,000;
- 14 (ii) 3% of Maryland taxable income of \$1,001 through \$2,000;
- 15 (iii) 4% of Maryland taxable income of \$2,001 through \$3,000;
- 16 (iv) 4.75% of Maryland taxable income of \$3,001 through
17 \$200,000;
- 18 (v) 5% of Maryland taxable income of \$200,001 through
19 \$350,000;
- 20 (vi) 5.25% of Maryland taxable income of \$350,001 through
21 \$500,000; and
- 22 (vii) 5.5% of Maryland taxable income in excess of \$500,000.

23 (3) **FOR A TAXABLE YEAR BEGINNING AFTER DECEMBER 31,**
24 **2007, BUT BEFORE JANUARY 1, 2013, THE STATE INCOME TAX FOR AN**
25 **INDIVIDUAL, INCLUDING SPOUSES FILING A JOINT RETURN OR A SURVIVING**
26 **SPOUSE OR HEAD OF HOUSEHOLD AS DEFINED IN § 2 OF THE INTERNAL**
27 **REVENUE CODE, IS:**

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

1 (II) FOR MARYLAND TAXABLE INCOME IN EXCESS OF
2 **\$500,000:**

3 1. 5.5% OF MARYLAND TAXABLE INCOME OF
4 **\$500,001 THROUGH \$750,000;**

5 2. 6% OF MARYLAND TAXABLE INCOME OF **\$750,001**
6 **THROUGH \$1,000,000; AND**

7 3. 6.5% OF MARYLAND TAXABLE INCOME IN EXCESS
8 **OF \$1,000,000.**

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

14 SECTION 3. AND BE IT FURTHER ENACTED, That this Act shall take effect
15 July 1, 2008, and shall be applicable to all taxable years beginning after December 31,
16 2007.