

SENATE BILL 406

Q3

3lr1621

By: **Senators Brochin, Brinkley, Colburn, Edwards, Getty, Glassman, Jacobs, Jennings, Klausmeier, Pipkin, Shank, and Stone**

Introduced and read first time: January 28, 2013

Assigned to: Budget and Taxation

A BILL ENTITLED

1 AN ACT concerning

2 **Income Tax – Rates and Exemptions**

3 FOR the purpose of altering the State income tax rate on certain income of
4 individuals; altering the amount allowed as a deduction for certain exemptions
5 under the Maryland income tax under certain circumstances; providing for the
6 application of this Act; and generally relating to altering the State income tax
7 rates and amount allowed as a deduction for certain exemptions.

8 BY repealing and reenacting, with amendments,
9 Article – Tax – General
10 Section 10–105(a) and 10–211
11 Annotated Code of Maryland
12 (2010 Replacement Volume and 2012 Supplement)

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

15 **Article – Tax – General**

16 10–105.

17 (a) (1) For an individual other than an individual described in paragraph
18 (2) of this subsection, the State income tax rate is:

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

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

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

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 (iv) 4.75% of Maryland taxable income of \$3,001 through
2 **[\$100,000] \$150,000;**

3 (v) 5% of Maryland taxable income of **[\$100,001] \$150,001**
4 through **[\$125,000] \$300,000;**

5 (vi) 5.25% of Maryland taxable income of **[\$125,001] \$300,001**
6 through **[\$150,000] \$500,000; AND**

7 (vii) **[5.5% of Maryland taxable income of \$150,001 through**
8 **\$250,000; and**

9 (viii) **5.75%] 5.5%** of Maryland taxable income in excess of
10 **[\$250,000] \$500,000.**

11 (2) 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 **[\$150,000] \$200,000;**

18 (v) 5% of Maryland taxable income of **[\$150,001] \$200,001**
19 through **[\$175,000] \$350,000;**

20 (vi) 5.25% of Maryland taxable income of **[\$175,001] \$350,001**
21 through **[\$225,000] \$500,000; AND**

22 (vii) **[5.5% of Maryland taxable income of \$225,001 through**
23 **\$300,000; and**

24 (viii) **5.75%] 5.5%** of Maryland taxable income in excess of
25 **[\$300,000] \$500,000.**

26 10–211.

27 (a) Except as provided in subsection (b) of this section, whether or not a
28 federal return is filed, to determine Maryland taxable income, an individual other
29 than a fiduciary may deduct as an exemption:

1 (1) \$3,200 for each exemption that the individual may deduct in the
2 taxable year to determine federal taxable income under § 151 of the Internal Revenue
3 Code;

4 (2) an additional \$3,200 for each dependent, as defined in § 152 of the
5 Internal Revenue Code, who is at least 65 years old on the last day of the taxable year;

6 (3) an additional \$1,000 if the individual, on the last day of the taxable
7 year, is at least 65 years old; and

8 (4) an additional \$1,000 if the individual, on the last day of the taxable
9 year, is a blind individual, as described in § 10–208(c) of this subtitle.

10 (b) (1) If an individual other than one described in paragraph (2) of this
11 subsection has federal adjusted gross income for the taxable year greater than
12 \$100,000, the amount allowed for each exemption under subsection (a)(1) or (2) of this
13 section is limited to:

14 (i) ~~[\$1,600]~~ **\$2,400** if federal adjusted gross income for the
15 taxable year does not exceed \$125,000;

16 (ii) ~~[\$800]~~ **\$1,800** if federal adjusted gross income for the
17 taxable year is greater than \$125,000 but not greater than \$150,000; ~~[and]~~

18 (iii) ~~[\$0]~~ **\$1,200** if federal adjusted gross income for the taxable
19 year is greater than \$150,000 **BUT NOT GREATER THAN \$200,000; AND**

20 **(IV) \$600 IF FEDERAL ADJUSTED GROSS INCOME FOR THE**
21 **TAXABLE YEAR IS GREATER THAN \$200,000.**

22 (2) If a married couple filing a joint return or an individual described
23 in § 2 of the Internal Revenue Code as a head of household or as a surviving spouse
24 has federal adjusted gross income for the taxable year greater than \$150,000, the
25 amount allowed for each exemption under subsection (a)(1) or (2) of this section is
26 limited to:

27 (i) ~~[\$1,600]~~ **\$2,400** if federal adjusted gross income for the
28 taxable year does not exceed \$175,000;

29 (ii) ~~[\$800]~~ **\$1,800** if federal adjusted gross income for the
30 taxable year is greater than \$175,000 but not greater than \$200,000; ~~[and]~~

31 (iii) ~~[\$0]~~ **\$1,200** if federal adjusted gross income for the taxable
32 year is greater than \$200,000 **BUT NOT GREATER THAN \$250,000; AND**

1 **(IV) \$600 IF FEDERAL ADJUSTED GROSS INCOME FOR THE**
2 **TAXABLE YEAR IS GREATER THAN \$250,000.**

3 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
4 July 1, 2013, and shall be applicable to all taxable years beginning after December 31,
5 2012.