

HOUSE BILL 906

Q3

8lr3411

By: **Delegate Flanagan**

Introduced and read first time: February 5, 2018

Assigned to: Ways and Means

A BILL ENTITLED

1 AN ACT concerning

2 **Income Tax – Itemized Deductions and Personal Exemptions**

3 FOR the purpose of altering the amounts allowed as deductions for certain exemptions
4 under the Maryland income tax; allowing an individual to itemize deductions to
5 compute Maryland taxable income whether or not the individual itemizes deductions
6 on the individual's federal income tax return; providing that Maryland itemized
7 deductions shall be determined in a certain manner for an individual who does not
8 itemize deductions on the individual's federal income tax return; allowing an
9 individual, under certain circumstances, to increase the amount of itemized
10 deductions used to determine Maryland taxable income by a certain amount of real
11 or personal property taxes paid by the individual; providing for the application of
12 this Act; and generally relating to deductions and exemptions allowed for Maryland
13 income tax purposes.

14 BY repealing and reenacting, with amendments,
15 Article – Tax – General
16 Section 10–211, 10–217(a)(1), and 10–218
17 Annotated Code of Maryland
18 (2016 Replacement Volume and 2017 Supplement)

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

21 **Article – Tax – General**

22 10–211.

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

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 (1) ~~[\$3,200]~~ **\$6,400** for each exemption that the individual may deduct in
2 the taxable year to determine federal taxable income under § 151 of the Internal Revenue
3 Code;

4 (2) an additional ~~[\$3,200]~~ **\$6,400** for each dependent, as defined in § 152
5 of the Internal Revenue Code, who is at least 65 years old on the last day of the taxable
6 year;

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

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

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

15 (i) ~~[\$1,600]~~ **\$3,200** if federal adjusted gross income for the taxable
16 year does not exceed \$125,000;

17 (ii) ~~[\$800]~~ **\$1,600** if federal adjusted gross income for the taxable
18 year is greater than \$125,000 but not greater than \$150,000; and

19 (iii) \$0 if federal adjusted gross income for the taxable year is greater
20 than \$150,000.

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

25 (i) ~~[\$1,600]~~ **\$3,200** if federal adjusted gross income for the taxable
26 year does not exceed \$175,000;

27 (ii) ~~[\$800]~~ **\$1,600** if federal adjusted gross income for the taxable
28 year is greater than \$175,000 but not greater than \$200,000; and

29 (iii) \$0 if federal adjusted gross income for the taxable year is greater
30 than \$200,000.

31 10–217.

32 (a) (1) (i) Except as otherwise provided in this subsection, an individual
33 may elect to use the standard deduction to compute Maryland taxable income whether or

1 not the individual itemizes deductions on the individual's federal income tax return in
2 determining federal taxable income.

3 (ii) If an individual elects to use the standard deduction on the
4 [federal] MARYLAND income tax return, the individual may not take any itemized
5 deduction in § 10-218 of this subtitle.

6 10-218.

7 (a) [Only an individual who itemizes deductions on the individual's federal
8 income tax return] **AN INDIVIDUAL** may elect to itemize deductions [on the individual's
9 income tax return] **TO COMPUTE MARYLAND TAXABLE INCOME WHETHER OR NOT THE**
10 **INDIVIDUAL ITEMIZES DEDUCTIONS ON THE INDIVIDUAL'S FEDERAL INCOME TAX**
11 **RETURN IN DETERMINING FEDERAL TAXABLE INCOME.**

12 (b) [An] **SUBJECT TO SUBSECTION (C) OF THIS SECTION, AN** individual who
13 elects to itemize deductions is allowed as a deduction the sum of the individual's federal
14 itemized deductions:

15 (1) **EXCEPT AS PROVIDED IN ITEM (4) OF THIS SUBSECTION,** limited
16 and reduced as required under the Internal Revenue Code;

17 (2) further reduced by any amount deducted under § 170 of the Internal
18 Revenue Code for contributions of a preservation or conservation easement for which a
19 credit is claimed under § 10-723 of this title; [and]

20 (3) further reduced by the amount claimed as taxes on income paid to a
21 state or political subdivision of a state, after subtracting a pro rata portion of the reduction
22 to itemized deductions required under § 68 of the Internal Revenue Code; **AND**

23 (4) **SUBJECT TO SUBSECTION (D) OF THIS SECTION, INCREASED BY**
24 **THE AMOUNT OF STATE AND LOCAL AND FOREIGN REAL PROPERTY TAXES AND**
25 **STATE AND LOCAL PERSONAL PROPERTY TAXES REDUCED AS A RESULT OF THE**
26 **LIMITATION UNDER § 164(B)(6)(B) OF THE INTERNAL REVENUE CODE.**

27 (c) **FOR AN INDIVIDUAL WHO DOES NOT ITEMIZE DEDUCTIONS ON THE**
28 **INDIVIDUAL'S FEDERAL INCOME TAX RETURN BUT ELECTS TO ITEMIZE DEDUCTIONS**
29 **TO COMPUTE MARYLAND TAXABLE INCOME, THE DEDUCTION ALLOWED UNDER**
30 **SUBSECTION (B) OF THIS SECTION SHALL BE DETERMINED AS IF THE INDIVIDUAL**
31 **ITEMIZED DEDUCTIONS ON THE INDIVIDUAL'S FEDERAL INCOME TAX RETURN.**

32 (d) **THE SUM OF THE INCREASE ALLOWED UNDER SUBSECTION (B)(4) OF**
33 **THIS SECTION AND THE AMOUNT OF STATE AND LOCAL AND FOREIGN REAL**
34 **PROPERTY TAXES AND STATE AND LOCAL PERSONAL PROPERTY TAXES ALLOWED AS**
35 **AN ITEMIZED DEDUCTION ON THE INDIVIDUAL'S FEDERAL INCOME TAX RETURN MAY**

1 **NOT EXCEED \$20,000.**

2 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect July
3 1, 2018, and shall be applicable to all taxable years beginning after December 31, 2017.