

SENATE BILL 661

Q3, K2

3lr2882
CF HB 708

By: **The President (By Request – Departmental – Comptroller)**

Introduced and read first time: February 6, 2023

Assigned to: Budget and Taxation

Committee Report: Favorable with amendments

Senate action: Adopted

Read second time: March 5, 2023

CHAPTER _____

1 AN ACT concerning

2 **Unemployment Insurance – Tax Parity for Delayed Payments of Benefits**

3 FOR the purpose of requiring the Comptroller to provide a certain grant payment to an
4 individual paid certain unemployment insurance benefits during a certain calendar
5 year under certain circumstances; allowing a subtraction under the Maryland
6 income tax for the amounts of grants paid in accordance with this Act; and generally
7 relating to the taxation of unemployment insurance.

8 BY repealing and reenacting, without amendments,

9 Article – Tax – General

10 Section 10–208(a) and (y)

11 Annotated Code of Maryland

12 (2022 Replacement Volume)

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

15 **Article – Tax – General**

16 10–208.

17 (a) In addition to the modification under § 10–207 of this subtitle, the amounts
18 under this section are subtracted from the federal adjusted gross income of a resident to
19 determine Maryland adjusted gross income.

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.

Underlining indicates amendments to bill.

~~Strike out~~ indicates matter stricken from the bill by amendment or deleted from the law by amendment.



(y) For a taxable year beginning after December 31, 2019, but before January 1, 2022, the subtraction under subsection (a) of this section includes the amount of benefits paid to an individual in accordance with Title 8 of the Labor and Employment Article, or in accordance with the unemployment insurance program of a jurisdiction with which the State has a reciprocal taxation agreement, if the individual's federal adjusted gross income for the taxable year does not exceed:

(1) \$75,000 for an individual; or

(2) \$100,000 for a married couple filing a joint return or an individual described in § 2 of the Internal Revenue Code as a head of household or as a surviving spouse.

SECTION 2. AND BE IT FURTHER ENACTED, That:

(a) The Comptroller shall provide a one-time grant payment to an individual who received unemployment insurance benefits ~~during calendar year 2022~~ after December 31, 2021, but before January 1, 2023, if the individual:

(1) was paid the benefits in accordance with Title 8 of the Labor and Employment Article;

(2) filed a claim for the benefits ~~during calendar year 2020 or 2021 that was pending a determination of eligibility for at least 30 days before the individual was found to be eligible to receive the benefits~~ after December 31, 2019, but before January 1, 2022; and

(3) would have been eligible to claim the subtraction modification authorized under § 10-208(y) of the Tax – General Article had the individual ~~promptly been paid the benefits during calendar year 2020 or 2021~~ received the benefits after December 31, 2019, but before January 1, 2022.

(b) The grant provided under subsection (a) of this section shall be:

(1) the ~~exact~~ amount of State income taxes withheld from unemployment insurance benefits by the Maryland Department of Labor after December 31, 2021, but before January 1, 2023; or, ~~if an individual elected to not have~~

(2) if State income taxes were not withheld from the unemployment insurance benefits, the ~~exact~~ amount of State income taxes that would have been withheld had the individual elected ~~to do so~~, that State income taxes be withheld from unemployment insurance benefits paid during calendar year 2022 after December 31, 2021, but before January 1, 2023.

(c) On or before October 1, 2023, the Secretary of Labor shall provide to the Comptroller a list of all individuals who may be eligible for a grant payment under subsection (a) of this section that includes:

1 (1) the name, address, and Social Security number of each individual who
2 received the unemployment insurance benefit;

3 (2) the date of payment of each unemployment insurance benefit described
4 in subsection (a) of this section;

5 (3) the amount of each unemployment insurance benefit described in
6 subsection (a) of this section;

7 (4) whether or not State income tax was withheld from each unemployment
8 insurance benefit payment; and

9 (5) any other information about the unemployment insurance benefits or
10 the individuals who received those benefits that the Comptroller may require.

11 (d) For a taxable year beginning after December 31, 2022, but before January 1,
12 2024, in addition to the modifications under Title 10, Subtitle 2 of the Tax – General Article,
13 the amount of the grant under subsection (a) of this section is subtracted from federal
14 adjusted gross income to determine the Maryland adjusted gross income of an individual.

15 SECTION 3. AND BE IT FURTHER ENACTED, That this Act shall take effect July
16 1, 2023.

Approved:

Governor.

President of the Senate.

Speaker of the House of Delegates.