

HOUSE BILL 1005

Q3

5lr2505

By: **Delegates Fisher, Arentz, Arikan, Chisholm, Grammer, Hutchinson,
M. Morgan, Nawrocki, Rose, Schmidt, Szeliga, and Valentine**

Introduced and read first time: January 31, 2025

Assigned to: Ways and Means

A BILL ENTITLED

1 AN ACT concerning

2 **Income Tax – Tips or Gratuities – Subtraction Modification**
3 **(No Income Taxes on Tips Act)**

4 FOR the purpose of providing a subtraction modification under the Maryland income tax
5 for compensation received in the form of a tip or gratuity for the performance of
6 certain work; and generally relating to a subtraction modification under the
7 Maryland income tax for compensation received in the form of a tip or gratuity.

8 BY repealing and reenacting, without amendments,
9 Article – Tax – General
10 Section 10–207(a)
11 Annotated Code of Maryland
12 (2022 Replacement Volume and 2024 Supplement)

13 BY adding to
14 Article – Tax – General
15 Section 10–207(qq)
16 Annotated Code of Maryland
17 (2022 Replacement Volume and 2024 Supplement)

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

20 **Article – Tax – General**

21 10–207.

22 (a) To the extent included in federal adjusted gross income, the amounts under
23 this section are subtracted from the federal adjusted gross income of a resident to determine
24 Maryland adjusted gross income.

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 **(QQ) (1) (I) IN THIS SUBSECTION THE FOLLOWING WORDS HAVE THE**
2 **MEANINGS INDICATED.**

3 **(II) “FOOD SERVICE FACILITY” HAS THE MEANING STATED IN §**
4 **21-301 OF THE HEALTH – GENERAL ARTICLE.**

5 **(III) “HOTEL” MEANS AN ESTABLISHMENT THAT OFFERS**
6 **SLEEPING ACCOMMODATIONS FOR COMPENSATION.**

7 **(IV) “PROVIDING PASSENGER-FOR-HIRE SERVICES” MEANS**
8 **PROVIDING LIMOUSINE SERVICES, SEDAN SERVICES, OR TRANSPORTATION**
9 **NETWORK SERVICES IN ACCORDANCE WITH TITLE 10 OF THE PUBLIC UTILITIES**
10 **ARTICLE.**

11 **(V) “PROVIDING TAXICAB SERVICES” MEANS PROVIDING**
12 **TAXICAB SERVICES IN ACCORDANCE WITH TITLE 10 OF THE PUBLIC UTILITIES**
13 **ARTICLE.**

14 **(2) THE SUBTRACTION UNDER SUBSECTION (A) OF THIS SECTION**
15 **INCLUDES ANY COMPENSATION RECEIVED IN THE FORM OF A TIP OR GRATUITY FOR:**

16 **(I) EMPLOYMENT IN A FOOD SERVICE FACILITY;**

17 **(II) EMPLOYMENT IN A BUSINESS LICENSED FOR ON-SALE**
18 **CONSUMPTION OF AN ALCOHOLIC BEVERAGE IN ACCORDANCE WITH THE**
19 **ALCOHOLIC BEVERAGES AND CANNABIS ARTICLE;**

20 **(III) EMPLOYMENT IN A HOTEL;**

21 **(IV) PROVIDING PASSENGER-FOR-HIRE SERVICES; OR**

22 **(V) PROVIDING TAXICAB SERVICES.**

23 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect July
24 1, 2025, and shall be applicable to all taxable years beginning after December 31, 2024.