

**Letter of Information****House Bill 183 – Income Tax – Resident**  
*Ways and Means Committee*  
*January 30, 2025*

We would like to thank Delegate Charkoudian for introducing House Bill 183 (HB183), Income Tax – Resident. HB183 seeks to reduce the amount of time an individual must maintain a place of abode in Maryland to be considered a resident for income tax purposes from 6 months to 3 months.

Maryland currently maintains memoranda of understanding with four jurisdictions: Virginia, West Virginia, Pennsylvania, and the District of Columbia. These reciprocal agreements outline how state income taxes are reported for individuals who work across state lines and the income tax withholding requirements of their employers. The agreements also include agreed-upon standards for residency<sup>1</sup>. If the residency requirements for Maryland are modified, we will likely need to renegotiate these memoranda, which could create unintended consequences for the many Maryland residents who work in a neighboring state.

Our office has worked with Delegate Charkoudian to develop an amendment that would maintain the existing definition of “resident,” while creating an apportionment for nonresidents who maintain a place of abode for more than 3 months but fewer than 6 months. We believe this amendment preserves the intent of the bill without jeopardizing existing reciprocal agreements with other states.

We thank the Delegate for working with us on this proposed amendment, and the Committee for its consideration. If you have any questions, please reach out to Matthew Dudzic, Director of State Affairs, at [MDudzic@marylandtaxes.gov](mailto:MDudzic@marylandtaxes.gov).

**Proposed Amendment**

§ 10–101. (k) (1) “Resident” means:

(i) an individual, other than a fiduciary, who:

1. is domiciled in this State on the last day of the taxable year; or
2. for more than ~~[6]~~ 3 months of the taxable year, maintained a place of abode in this State, whether domiciled in this State or not;

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<sup>1</sup> For example, our memorandum of understanding with Virginia uses 183 days as the benchmark for residency.



§ 10-203. Adjusted gross income of an individual

- A. Except as provided **IN PARAGRAPH (B) OF THIS SECTION AND EXCEPT AS PROVIDED** in Subtitle 4 of this title, the Maryland adjusted gross income of an individual is the individual's federal adjusted gross income for the taxable year as adjusted under this Part II of this subtitle.
- B. **THE MARYLAND ADJUSTED GROSS INCOME OF AN INDIVIDUAL WHO IS A NONRESIDENT AND WHO MAINTAINS A PLACE OF ABODE IN THE STATE FOR AT LEAST 91 DAYS BUT LESS THAN 183 DAYS IS THE SUM OF:**

- 1. **THE INCOME DESCRIBED IN § 10-210(B)(1) THROUGH (4) OF THIS TITLE; AND**
- 2. **THE PRODUCT OF:**

**(i) A FRACTION, THE NUMERATOR OF WHICH IS THE NUMBER OF DAYS PRESENT IN THE STATE AND THE DENOMINATOR OF WHICH IS 365; AND**

**(ii) THE SUM OF:**

- A. **TAXABLE INTEREST INCOME;**
- B. **CAPITAL GAINS FROM INTANGIBLES;**
- C. **DIVIDEND INCOME;**
- D. **TAXABLE ALIMONY RECEIVED; AND**
- E. **ROYALTIES.**