

HOUSE BILL 240

Q3

5lr1308
CF 5lr0852

By: **Delegates Tarlau, Angel, Ebersole, Fennell, Glenn, Jalisi, McCray, Moon, Morales, Pena-Melnyk, Platt, S. Robinson, Rosenberg, and M. Washington**
Introduced and read first time: February 2, 2015
Assigned to: Ways and Means

A BILL ENTITLED

1 AN ACT concerning

2 **State Individual Income Tax – Rate Changes**

3 FOR the purpose of altering the State income tax rates for certain income of individuals;
4 requiring the Comptroller to waive certain interest and penalties for a certain
5 taxable year to a certain extent; providing for the application of this Act; and
6 generally relating to altering the income tax rates for certain income of individuals.

7 BY repealing and reenacting, with amendments,

8 Article – Tax – General

9 Section 10–105(a)

10 Annotated Code of Maryland

11 (2010 Replacement Volume and 2014 Supplement)

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

14 **Article – Tax – General**

15 10–105.

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

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

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

20 (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.



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- 1 (iv) **4.6% OF MARYLAND TAXABLE INCOME OF \$3,001 THROUGH**
 2 **\$25,000;**
- 3 (v) 4.75% of Maryland taxable income of [\$3,001] **\$25,001** through
 4 \$100,000;
- 5 [(v)] (vi) 5% of Maryland taxable income of \$100,001 through
 6 \$125,000;
- 7 [(vi)] (vii) 5.25% of Maryland taxable income of \$125,001 through
 8 \$150,000;
- 9 [(vii)] (viii) 5.5% of Maryland taxable income of \$150,001 through
 10 \$250,000; [and]
- 11 [(viii)] (ix) 5.75% of Maryland taxable income [in excess of \$250,000]
 12 **OF \$250,001 THROUGH \$500,000;**
- 13 (x) **6% OF MARYLAND TAXABLE INCOME OF \$500,001**
 14 **THROUGH \$1,000,000; AND**
- 15 (xi) **6.25% OF MARYLAND TAXABLE INCOME IN EXCESS OF**
 16 **\$1,000,000.**
- 17 (2) For spouses filing a joint return or for a surviving spouse or head of
 18 household as defined in § 2 of the Internal Revenue Code, 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;
- 22 (iv) **4.6% OF MARYLAND TAXABLE INCOME OF \$3,001 THROUGH**
 23 **\$50,000;**
- 24 (v) 4.75% of Maryland taxable income of [\$3,001] **\$50,001** through
 25 \$150,000;
- 26 [(v)] (vi) 5% of Maryland taxable income of \$150,001 through
 27 \$175,000;
- 28 [(vi)] (vii) 5.25% of Maryland taxable income of \$175,001 through
 29 \$225,000;

1 [(vii)] (VIII) 5.5% of Maryland taxable income of \$225,001 through
2 \$300,000; [and]

3 [(viii)] (IX) 5.75% of Maryland taxable income [in excess of \$300,000]
4 **OF \$300,001 THROUGH \$500,000;**

5 (X) 6% OF MARYLAND TAXABLE INCOME OF \$500,001
6 **THROUGH \$1,000,000; AND**

7 (XI) 6.25% OF MARYLAND TAXABLE INCOME IN EXCESS OF
8 **\$1,000,000.**

9 SECTION 2. AND BE IT FURTHER ENACTED, That the Comptroller shall waive
10 any interest or penalty imposed on an individual relating to payment of estimated income
11 tax for calendar year 2015 to the extent that the Comptroller determines that the interest
12 or penalty would not have been incurred but for an increase in the income tax rates for
13 calendar year 2015 under Section 1 of this Act.

14 SECTION 3. AND BE IT FURTHER ENACTED, That this Act shall take effect July
15 1, 2015, and shall be applicable to all taxable years beginning after December 31, 2014.