

HOUSE BILL 383

Q3

2lr1768

By: **Delegates Olszewski, Krebs, Barnes, Beidle, Bobo, Boteler, Kach, Kipke, and Weir**

Introduced and read first time: February 1, 2012

Assigned to: Ways and Means

A BILL ENTITLED

1 AN ACT concerning

2 **Taxpayer Protection Act – State Income Tax – Consumer Price Index**
3 **Adjustments**

4 FOR the purpose of altering certain State income tax rate bracket thresholds by a
5 certain cost-of-living adjustment; providing for the application of this Act; and
6 generally relating to a cost-of-living adjustment for certain income tax rate
7 brackets.

8 BY repealing and reenacting, without amendments,
9 Article – Tax – General
10 Section 10–105(a)(1)(iii) and (2)(iii)
11 Annotated Code of Maryland
12 (2010 Replacement Volume and 2011 Supplement)

13 BY adding to
14 Article – Tax – General
15 Section 10–105(e)
16 Annotated Code of Maryland
17 (2010 Replacement Volume and 2011 Supplement)

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

20 **Article – Tax – General**

21 10–105.

22 (a) (1) Except as provided in paragraph (3) of this subsection, for an
23 individual other than an individual described in paragraph (2) of this subsection, the
24 State income tax rate is:

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 (iii) 4% of Maryland taxable income of \$2,001 through \$3,000;

2 (2) Except as provided in paragraph (3) of this subsection, for spouses
3 filing a joint return or for a surviving spouse or head of household as defined in § 2 of
4 the Internal Revenue Code, the State income tax rate is:

5 (iii) 4% of Maryland taxable income of \$2,001 through \$3,000;

6 (E) (1) FOR EACH TAXABLE YEAR:

7 (I) THE TOP THRESHOLD FOR APPLICATION OF THE RATE
8 SPECIFIED IN SUBSECTION (A)(1)(III) OF THIS SECTION SHALL BE INCREASED
9 BY THE AMOUNT EQUAL TO THE PRODUCT OF MULTIPLYING THAT THRESHOLD
10 TIMES THE COST-OF-LIVING ADJUSTMENT SPECIFIED IN THIS SUBSECTION;

11 (II) EACH RATE BRACKET THRESHOLD SPECIFIED IN
12 SUBSECTION (A)(1)(IV) THROUGH (VII) OF THIS SECTION SHALL BE INCREASED
13 BY THE SAME DOLLAR AMOUNT AS THE INCREASE DETERMINED UNDER ITEM (I)
14 OF THIS PARAGRAPH;

15 (III) THE TOP THRESHOLD FOR APPLICATION OF THE RATE
16 SPECIFIED IN SUBSECTION (A)(2)(III) OF THIS SECTION SHALL BE INCREASED
17 BY THE AMOUNT EQUAL TO THE PRODUCT OF MULTIPLYING THAT THRESHOLD
18 TIMES THE COST-OF-LIVING ADJUSTMENT SPECIFIED IN THIS SUBSECTION;
19 AND

20 (IV) EACH RATE BRACKET THRESHOLD SPECIFIED IN
21 SUBSECTION (A)(2)(IV) THROUGH (VII) OF THIS SECTION SHALL BE INCREASED
22 BY THE SAME DOLLAR AMOUNT AS THE INCREASE DETERMINED UNDER ITEM
23 (III) OF THIS PARAGRAPH.

24 (2) FOR PURPOSES OF THIS SUBSECTION, THE COST-OF-LIVING
25 ADJUSTMENT IS THE COST-OF-LIVING ADJUSTMENT WITHIN THE MEANING OF §
26 1(F)(3) OF THE INTERNAL REVENUE CODE FOR THE CALENDAR YEAR IN WHICH
27 A TAXABLE YEAR BEGINS, AS DETERMINED BY THE COMPTROLLER BY
28 SUBSTITUTING “CALENDAR YEAR 2012” FOR “CALENDAR YEAR 1992” IN §
29 1(F)(3)(B) OF THE INTERNAL REVENUE CODE.

30 (3) IF ANY INCREASE DETERMINED UNDER PARAGRAPH (1) OF
31 THIS SUBSECTION IS NOT A MULTIPLE OF \$50, THE INCREASE SHALL BE
32 ROUNDED DOWN TO THE NEXT LOWEST MULTIPLE OF \$50.

1 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
2 July 1, 2012, and shall be applicable to all taxable years beginning after December 31,
3 2011.