

HOUSE BILL 618

Q3
HB 238/10 – W&M

11r0836

By: **Delegates Krebs, Olszewski, Afzali, Aumann, Barkley, Bates, Boteler, Cluster, Dwyer, Eckardt, Elliott, Frank, George, Glass, Hershey, Hogan, Hough, Impallaria, Kach, McComas, McConkey, McDermott, McMillan, W. Miller, Minnick, Myers, Norman, Ready, Schuh, Schulz, Serafini, Smigiel, Stocksdale, and Wood**

Introduced and read first time: February 9, 2011

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 for
5 certain taxable years by a certain cost-of-living adjustment; and generally
6 relating to a cost-of-living adjustment for certain tax rate brackets.

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

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

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

19 **Article – Tax – General**

20 10–105.

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



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

4 (iv) 4.75% of Maryland taxable income of \$3,001 through
5 \$150,000;

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

9 (iv) 4.75% of Maryland taxable income of \$3,001 through
10 \$200,000;

11 **(E) (1) FOR EACH TAXABLE YEAR BEGINNING AFTER DECEMBER 31,**
12 **2015:**

13 **(I) THE TOP THRESHOLD FOR APPLICATION OF THE RATE**
14 **SPECIFIED IN SUBSECTION (A)(1)(IV) OF THIS SECTION SHALL BE INCREASED BY**
15 **THE AMOUNT EQUAL TO THE PRODUCT OF MULTIPLYING THAT THRESHOLD**
16 **TIMES THE COST-OF-LIVING ADJUSTMENT SPECIFIED IN THIS SUBSECTION;**

17 **(II) EACH RATE BRACKET THRESHOLD SPECIFIED IN**
18 **SUBSECTION (A)(1)(V) THROUGH (VII) OF THIS SECTION SHALL BE INCREASED**
19 **BY THE SAME DOLLAR AMOUNT AS THE INCREASE DETERMINED UNDER ITEM (I)**
20 **OF THIS PARAGRAPH;**

21 **(III) THE TOP THRESHOLD FOR APPLICATION OF THE RATE**
22 **SPECIFIED IN SUBSECTION (A)(2)(IV) OF THIS SECTION SHALL BE INCREASED BY**
23 **THE AMOUNT EQUAL TO THE PRODUCT OF MULTIPLYING THAT THRESHOLD**
24 **TIMES THE COST-OF-LIVING ADJUSTMENT SPECIFIED IN THIS SUBSECTION;**
25 **AND**

26 **(IV) EACH RATE BRACKET THRESHOLD SPECIFIED IN**
27 **SUBSECTION (A)(2)(V) THROUGH (VII) OF THIS SECTION SHALL BE INCREASED**
28 **BY THE SAME DOLLAR AMOUNT AS THE INCREASE DETERMINED UNDER ITEM**
29 **(III) OF THIS PARAGRAPH.**

30 **(2) FOR PURPOSES OF THIS SUBSECTION, THE COST-OF-LIVING**
31 **ADJUSTMENT IS THE COST-OF-LIVING ADJUSTMENT WITHIN THE MEANING OF §**
32 **1(F)(3) OF THE INTERNAL REVENUE CODE FOR THE CALENDAR YEAR IN WHICH**
33 **A TAXABLE YEAR BEGINS, AS DETERMINED BY THE COMPTROLLER BY**
34 **SUBSTITUTING “CALENDAR YEAR 2011” FOR “CALENDAR YEAR 1992” IN §**
35 **1(F)(3)(B) OF THE INTERNAL REVENUE CODE.**

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

4 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
5 July 1, 2011.