

HOUSE BILL 647

Q3
HB 1111/21 – W&M

3lr1627

By: **Delegates Wivell, Anderton, Arentz, Baker, Buckel, Chisholm, Ciliberti, Ghrist, Hartman, Hinebaugh, Hornberger, Hutchinson, Jacobs, Kipke, Mangione, McComas, Miller, M. Morgan, T. Morgan, Nawrocki, Otto, Schmidt, Szeliga, and Valentine**

Introduced and read first time: February 6, 2023

Assigned to: Ways and Means

A BILL ENTITLED

1 AN ACT concerning

2 **Income Tax – Itemized Deductions**

3 FOR the purpose of allowing an individual to itemize deductions to compute Maryland
4 taxable income whether the individual itemizes deductions on the individual's
5 federal income tax return; providing that Maryland itemized deductions shall be
6 determined in a certain manner for an individual who does not itemize deductions
7 on the individual's federal income tax return; and generally relating to deductions
8 allowed for Maryland income tax purposes.

9 BY repealing and reenacting, with amendments,
10 Article – Tax – General
11 Section 10–217(a)(1) and 10–218
12 Annotated Code of Maryland
13 (2022 Replacement Volume)

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

16 **Article – Tax – General**

17 10–217.

18 (a) (1) (i) Except as otherwise provided in this subsection, an individual
19 may elect to use the standard deduction to compute Maryland taxable income whether or
20 not the individual itemizes deductions on the individual's federal income tax return in
21 determining federal taxable income.

22 (ii) If an individual elects to use the standard deduction on the

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 [federal] MARYLAND income tax return, the individual may not take any itemized
2 deduction in § 10–218 of this subtitle.

3 10–218.

4 (a) [Only an individual who itemizes deductions on the individual’s federal
5 income tax return] AN INDIVIDUAL may elect to itemize deductions [on the individual’s
6 income tax return] TO COMPUTE MARYLAND TAXABLE INCOME WHETHER THE
7 INDIVIDUAL ITEMIZES DEDUCTIONS ON THE INDIVIDUAL’S FEDERAL INCOME TAX
8 RETURN IN DETERMINING FEDERAL TAXABLE INCOME.

9 (b) [An] SUBJECT TO SUBSECTION (C) OF THIS SECTION, AN individual who
10 elects to itemize deductions is allowed as a deduction the sum of the individual’s federal
11 itemized deductions:

12 (1) limited and reduced as required under the Internal Revenue Code;

13 (2) further reduced by any amount deducted under § 170 of the Internal
14 Revenue Code for contributions of a preservation or conservation easement for which a
15 credit is claimed under § 10–723 of this title; and

16 (3) further reduced by the amount claimed as taxes on income paid to a
17 state or political subdivision of a state, after subtracting a pro rata portion of the reduction
18 to itemized deductions required under § 68 of the Internal Revenue Code.

19 (C) FOR AN INDIVIDUAL WHO DOES NOT ITEMIZE DEDUCTIONS ON THE
20 INDIVIDUAL’S FEDERAL INCOME TAX RETURN BUT ELECTS TO ITEMIZE DEDUCTIONS
21 TO COMPUTE MARYLAND TAXABLE INCOME, THE DEDUCTION ALLOWED UNDER
22 SUBSECTION (B) OF THIS SECTION SHALL BE DETERMINED AS IF THE INDIVIDUAL
23 ITEMIZED DEDUCTIONS ON THE INDIVIDUAL’S FEDERAL INCOME TAX RETURN.

24 SECTION 2. AND BE IT FURTHER ENACTED, That, on or before December 1,
25 2024, the Comptroller shall report to the Senate Budget and Taxation Committee and the
26 House Ways and Means Committee, in accordance with § 2–1257 of the State Government
27 Article, on the implementation of this Act, including:

28 (1) the financial impact that this Act has had on State income tax revenue
29 for the 2023 taxable year compared to prior taxable years; and

30 (2) the number of taxpayers who elected to itemize deductions on the
31 taxpayer’s State income tax return for the 2023 taxable year compared to the number of
32 taxpayers who elected to itemize deductions on the taxpayer’s federal income tax return for
33 the 2023 taxable year.

34 SECTION 3. AND BE IT FURTHER ENACTED, That this Act shall take effect July
35 1, 2023, and shall be applicable to all taxable years beginning after December 31, 2022, but

1 before January 1, 2026. It shall remain effective for a period of 3 years and, at the end of
2 June 30, 2026, this Act, with no further action required by the General Assembly, shall be
3 abrogated and of no further force and effect.