

HOUSE BILL 956

Q3

2lr2523

By: **Delegates Gutierrez, Carr, Carter, Cullison, Frush, Glenn, Howard, Huckler, Ivey, Nathan–Pulliam, Pena–Melnik, B. Robinson, S. Robinson, Ross, Stukes, and Washington**

Introduced and read first time: February 10, 2012

Assigned to: Ways and Means

A BILL ENTITLED

1 AN ACT concerning

2 **Income Tax – Capital Gains**

3 FOR the purpose of providing for an additional Maryland individual income tax rate
4 on net capital gains for individuals; repealing an obsolete provision; providing
5 for the application of this Act; and generally relating to the Maryland income
6 tax and capital gains income.

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 2011 Supplement)

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

14 **Article – Tax – General**

15 10–105.

16 (a) (1) Except as provided in paragraph (3) of this subsection, for an
17 individual other than an individual described in paragraph (2) of this subsection, the
18 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;

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 (iv) 4.75% of Maryland taxable income of \$3,001 through
2 \$150,000;

3 (v) 5% of Maryland taxable income of \$150,001 through
4 \$300,000;

5 (vi) 5.25% of Maryland taxable income of \$300,001 through
6 \$500,000; and

7 (vii) 5.5% of Maryland taxable income in excess of \$500,000.

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

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

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

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

14 (iv) 4.75% of Maryland taxable income of \$3,001 through
15 \$200,000;

16 (v) 5% of Maryland taxable income of \$200,001 through
17 \$350,000;

18 (vi) 5.25% of Maryland taxable income of \$350,001 through
19 \$500,000; and

20 (vii) 5.5% of Maryland taxable income in excess of \$500,000.

21 (3) [For a taxable year beginning after December 31, 2007, but before
22 January 1, 2011] **IF THE INDIVIDUAL'S MARYLAND TAXABLE INCOME INCLUDES**
23 **ANY AMOUNT OF NET CAPITAL GAINS, AS DEFINED AND DETERMINED UNDER**
24 **THE INTERNAL REVENUE CODE**, the State income tax for an individual, including
25 spouses filing a joint return or a surviving spouse or head of household as defined in §
26 2 of the Internal Revenue Code, is **THE SUM OF:**

27 [(i) for Maryland taxable income up to \$500,000, the rate
28 specified in paragraph (1)(i) through (vi) or (2)(i) through (vi) of this subsection; and

29 (ii) for Maryland taxable income in excess of \$500,000:

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2 1. 5.5% of Maryland taxable income of \$500,001 through
3 \$1,000,000; and
4 2. 6.25% of Maryland taxable income in excess of
5 \$1,000,000.]

6 **(I) THE RATES SPECIFIED IN PARAGRAPH (1) OR (2) OF
7 THIS SUBSECTION APPLIED TO MARYLAND TAXABLE INCOME; AND**

8 **(II) AN ADDITIONAL 2% OF THE AMOUNT OF NET CAPITAL
9 GAINS INCLUDED IN THE INDIVIDUAL'S MARYLAND TAXABLE INCOME.**

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