

# SENATE BILL 884

Q3  
HB 328/14 – W&M

5lr2830  
CF HB 1123

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By: **Senator Serafini**

Introduced and read first time: March 2, 2015

Assigned to: Rules

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## A BILL ENTITLED

1 AN ACT concerning

2 **Income Tax – Flat Tax**

3 FOR the purpose of altering the State income tax rates on certain income of individuals;  
4 providing for the application of this Act; and generally relating to the State income  
5 tax rates on income of individuals.

6 BY repealing and reenacting, with amendments,  
7 Article – Tax – General  
8 Section 10–105  
9 Annotated Code of Maryland  
10 (2010 Replacement Volume and 2014 Supplement)

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

13 **Article – Tax – General**

14 10–105.

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

- 17 (i) 2% of Maryland taxable income of \$1 through \$1,000;
- 18 (ii) 3% of Maryland taxable income of \$1,001 through \$2,000;
- 19 (iii) 4% of Maryland taxable income of \$2,001 through \$3,000;
- 20 (iv) 4.75% of Maryland taxable income of \$3,001 through \$100,000;

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EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



- 1 (v) 5% of Maryland taxable income of \$100,001 through \$125,000;
- 2 (vi) 5.25% of Maryland taxable income of \$125,001 through \$150,000;
- 3 (vii) 5.5% of Maryland taxable income of \$150,001 through \$250,000;
- 4 and
- 5 (viii) 5.75% of Maryland taxable income in excess of \$250,000.

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

- 8 (i) 2% of Maryland taxable income of \$1 through \$1,000;
- 9 (ii) 3% of Maryland taxable income of \$1,001 through \$2,000;
- 10 (iii) 4% of Maryland taxable income of \$2,001 through \$3,000;
- 11 (iv) 4.75% of Maryland taxable income of \$3,001 through \$150,000;
- 12 (v) 5% of Maryland taxable income of \$150,001 through \$175,000;
- 13 (vi) 5.25% of Maryland taxable income of \$175,001 through \$225,000;
- 14 (vii) 5.5% of Maryland taxable income of \$225,001 through \$300,000;
- 15 and
- 16 (viii) 5.75% of Maryland taxable income in excess of \$300,000.]

17 **(A) (1) FOR AN INDIVIDUAL, OTHER THAN AN INDIVIDUAL DESCRIBED IN**  
18 **PARAGRAPH (2) OF THIS SUBSECTION, WITH FEDERAL ADJUSTED GROSS INCOME IN**  
19 **EXCESS OF \$30,000, THE STATE INCOME TAX RATE IS 3.8%.**

20 **(2) FOR SPOUSES FILING A JOINT RETURN OR FOR A SURVIVING**  
21 **SPOUSE OR HEAD OF HOUSEHOLD AS DEFINED IN § 2 OF THE INTERNAL REVENUE**  
22 **CODE WITH FEDERAL ADJUSTED GROSS INCOME IN EXCESS OF \$30,000, THE STATE**  
23 **INCOME TAX RATE IS 3.9%.**

24 (b) The State income tax rate for a corporation is 8.25% of Maryland taxable  
25 income.

26 (c) For a married couple filing a joint income tax return, the [rates] RATE  
27 specified in subsection (a) of this section [apply] APPLIES to the joint Maryland taxable  
28 income of the married couple.

29 (d) For a nonresident:

1           (1)    the [rates] **RATE** specified in subsection (a) of this section [apply]  
2 **APPLIES** to the nonresident's Maryland taxable income, calculated without regard to the  
3 subtractions under § 10–210(b), (e), and (f) of this title; and

4           (2)    the State income tax imposed equals the result obtained under item (1)  
5 of this subsection multiplied times a fraction:

6                   (i)    the numerator of which is the nonresident's Maryland taxable  
7 income, calculated with the subtractions under § 10–210(b), (e), and (f) of this title; and

8                   (ii)   the denominator of which is the nonresident's Maryland taxable  
9 income, calculated without regard to the subtractions under § 10–210(b), (e), and (f) of this  
10 title.

11           **SECTION 2. AND BE IT FURTHER ENACTED**, That this Act shall take effect July  
12 1, 2015, and shall be applicable to all taxable years beginning after December 31, 2015.