

HOUSE BILL 839

Q3
HB 1146/18 – W&M

2lr2405

By: **Delegates Buckel, Anderton, Arentz, Cox, Ghrist, Griffith, Hartman, Hornberger, Howard, Jacobs, Kipke, Krebs, Mangione, McKay, Morgan, Munoz, Novotny, Otto, Reilly, Rose, Saab, Shoemaker, Szeliga, and Wivell**
Introduced and read first time: February 7, 2022
Assigned to: Ways and Means

A BILL ENTITLED

1 AN ACT concerning

2 **Income Tax – Rates and Itemized Deductions**

3 FOR the purpose of altering the State income tax rate on the Maryland taxable income of
4 certain individuals; allowing an individual to itemize deductions to compute
5 Maryland taxable income whether or not the individual itemizes deductions on the
6 individual's federal income tax return; and generally relating to the State individual
7 income tax.

8 BY repealing and reenacting, with amendments,
9 Article – Tax – General
10 Section 10–105(a), 10–217(a)(1), and 10–218
11 Annotated Code of Maryland
12 (2016 Replacement Volume and 2021 Supplement)

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

15 **Article – Tax – General**

16 10–105.

17 (a) (1) For an individual other than an individual described in paragraph (2)
18 of this subsection, the 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%]~~ **4.5%** of Maryland taxable income of \$3,001 through
 2 \$100,000;
- 3 (v) ~~[5%]~~ **4.75%** of Maryland taxable income of \$100,001 through
 4 \$125,000;
- 5 (vi) ~~[5.25%]~~ **5.15%** of Maryland taxable income of \$125,001 through
 6 \$150,000;
- 7 (vii) ~~[5.5%]~~ **5.35%** of Maryland taxable income of \$150,001 through
 8 \$250,000; and
- 9 (viii) 5.75% of Maryland taxable income in excess of \$250,000.

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

- 12 (i) 2% of Maryland taxable income of \$1 through \$1,000;
- 13 (ii) 3% of Maryland taxable income of \$1,001 through \$2,000;
- 14 (iii) 4% of Maryland taxable income of \$2,001 through \$3,000;
- 15 (iv) ~~[4.75%]~~ **4.5%** of Maryland taxable income of \$3,001 through
 16 \$150,000;
- 17 (v) ~~[5%]~~ **4.75%** of Maryland taxable income of \$150,001 through
 18 \$175,000;
- 19 (vi) ~~[5.25%]~~ **5%** of Maryland taxable income of \$175,001 through
 20 \$225,000;
- 21 (vii) ~~[5.5%]~~ **5.35%** of Maryland taxable income of \$225,001 through
 22 \$300,000; and
- 23 (viii) 5.75% of Maryland taxable income in excess of \$300,000.

24 10–217.

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

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

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 OR NOT 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 this Act shall take effect July
25 1, 2022, and shall be applicable to all taxable years beginning after December 31, 2021.