

HOUSE BILL 222

Q3
HB 956/12 – W&M

0lr0605

By: **Delegates Palakovich Carr, Acevero, Barron, Boyce, Bridges, Carr, Charkoudian, Cullison, Ebersole, Feldmark, Hill, Ivey, Lehman, R. Lewis, Love, Moon, Mosby, Pena–Melnik, Shetty, Smith, Stewart, Terrasa, Washington, Wilkins, and P. Young**

Introduced and read first time: January 16, 2020

Assigned to: Ways and Means

A BILL ENTITLED

1 AN ACT concerning

2 **Income Tax Rates – Capital Gains Income**

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

6 BY repealing and reenacting, with amendments,
7 Article – Tax – General
8 Section 10–105(a)
9 Annotated Code of Maryland
10 (2016 Replacement Volume and 2019 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;

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



- (iv) 4.75% of Maryland taxable income of \$3,001 through \$100,000;
- (v) 5% of Maryland taxable income of \$100,001 through \$125,000;
- (vi) 5.25% of Maryland taxable income of \$125,001 through \$150,000;
- (vii) 5.5% of Maryland taxable income of \$150,001 through \$250,000;
- and
- (viii) 5.75% of Maryland taxable income in excess of \$250,000.

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

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

(3) IF THE MARYLAND TAXABLE INCOME OF AN INDIVIDUAL DESCRIBED IN PARAGRAPH (1) OR (2) OF THIS SUBSECTION INCLUDES ANY AMOUNT OF NET CAPITAL GAINS, AS DEFINED AND DETERMINED UNDER THE INTERNAL REVENUE CODE, THE STATE INCOME TAX FOR THE INDIVIDUAL IS THE SUM OF:

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

(II) AN ADDITIONAL 1% OF THE AMOUNT OF NET CAPITAL GAINS INCLUDED IN THE INDIVIDUAL'S MARYLAND TAXABLE INCOME.

SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect July 1, 2020, and shall be applicable to all taxable years beginning after December 31, 2019.