

# HOUSE BILL 147

Q3  
HB 557/14 – W&M

5lr0583

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By: **Delegates Krebs, Cassilly, Cluster, Impallaria, Jacobs, McDonough, McKay, McMillan, Metzgar, W. Miller, Morgan, Rey, and Vogt**

Introduced and read first time: January 28, 2015

Assigned to: Ways and Means

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## A BILL ENTITLED

1 AN ACT concerning

2 **Taxpayer Protection Act – State Income Tax – Consumer Price Index**  
3 **Adjustments**

4 FOR the purpose of altering certain State income tax rate bracket thresholds by a certain  
5 cost-of-living adjustment; providing for the application of this Act; and generally  
6 relating to a cost-of-living adjustment for certain income tax rate brackets.

7 BY repealing and reenacting, without amendments,

8 Article – Tax – General

9 Section 10–105(a)(1)(iii) and (2)(iii)

10 Annotated Code of Maryland

11 (2010 Replacement Volume and 2014 Supplement)

12 BY adding to

13 Article – Tax – General

14 Section 10–105(e)

15 Annotated Code of Maryland

16 (2010 Replacement Volume and 2014 Supplement)

17 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND,

18 That the Laws of Maryland read as follows:

19 **Article – Tax – General**

20 10–105.

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

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

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EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



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

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

4           **(E) (1) FOR EACH TAXABLE YEAR:**

5                   **(I) THE TOP THRESHOLD FOR APPLICATION OF THE RATE**  
6 **SPECIFIED IN SUBSECTION (A)(1)(III) OF THIS SECTION SHALL BE INCREASED BY**  
7 **THE AMOUNT EQUAL TO THE PRODUCT OF MULTIPLYING THAT THRESHOLD TIMES**  
8 **THE COST-OF-LIVING ADJUSTMENT SPECIFIED IN THIS SUBSECTION;**

9                   **(II) EACH RATE BRACKET THRESHOLD SPECIFIED IN**  
10 **SUBSECTION (A)(1)(IV) THROUGH (VIII) OF THIS SECTION SHALL BE INCREASED BY**  
11 **THE SAME DOLLAR AMOUNT AS THE INCREASE DETERMINED UNDER ITEM (I) OF**  
12 **THIS PARAGRAPH;**

13                   **(III) THE TOP THRESHOLD FOR APPLICATION OF THE RATE**  
14 **SPECIFIED IN SUBSECTION (A)(2)(III) OF THIS SECTION SHALL BE INCREASED BY**  
15 **THE AMOUNT EQUAL TO THE PRODUCT OF MULTIPLYING THAT THRESHOLD TIMES**  
16 **THE COST-OF-LIVING ADJUSTMENT SPECIFIED IN THIS SUBSECTION; AND**

17                   **(IV) EACH RATE BRACKET THRESHOLD SPECIFIED IN**  
18 **SUBSECTION (A)(2)(IV) THROUGH (VIII) OF THIS SECTION SHALL BE INCREASED BY**  
19 **THE SAME DOLLAR AMOUNT AS THE INCREASE DETERMINED UNDER ITEM (III) OF**  
20 **THIS PARAGRAPH.**

21           **(2) FOR PURPOSES OF THIS SUBSECTION, THE COST-OF-LIVING**  
22 **ADJUSTMENT IS THE COST-OF-LIVING ADJUSTMENT WITHIN THE MEANING OF §**  
23 **1(F)(3) OF THE INTERNAL REVENUE CODE FOR THE CALENDAR YEAR IN WHICH A**  
24 **TAXABLE YEAR BEGINS, AS DETERMINED BY THE COMPTROLLER BY SUBSTITUTING**  
25 **“CALENDAR YEAR 2015” FOR “CALENDAR YEAR 1992” IN § 1(F)(3)(B) OF THE**  
26 **INTERNAL REVENUE CODE.**

27           **(3) IF ANY INCREASE DETERMINED UNDER PARAGRAPH (1) OF THIS**  
28 **SUBSECTION IS NOT A MULTIPLE OF \$50, THE INCREASE SHALL BE ROUNDED DOWN**  
29 **TO THE NEXT LOWEST MULTIPLE OF \$50.**

30           SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect July  
31 1, 2015, and shall be applicable to all taxable years beginning after December 31, 2014.