

respect to the years 1940, 1941 and subsequent years; to repeal Sections 24 to 27, inclusive, of Article 36 of said Code, title "Fees of Officers", sub-title "Notaries Public"; to repeal the sub-title "Tax on Official Commissions" and Sections 101 to 103, inclusive, of Article 81 of said Code, title "Revenue and Taxes"; to repeal and re-enact, with amendments, Sections 1 and 2 of Article 68 of said Code, title "Notaries Public"; providing for the repeal of certain taxes and license fees, and the levy and collection of other taxes to raise revenues, and relating to the disposition of fines and forfeitures imposed under the laws of this State.

SECTION 1. *Be it enacted by the General Assembly of Maryland,* That Sections 227, 230, 233, 234, 245 and 249 of Article 81 of the Annotated Code of Maryland (1939 Edition), title "Revenue and Taxes", sub-title "Income Tax", be and the same are hereby repealed and re-enacted, with amendments, to read as follows:

227. *Net Income.* Net income means the gross income of a taxpayer as defined in Section 223 hereof, less the deductions allowed by Section 224 hereof (as limited by Section 225 hereof). Taxable net income means the net income of a taxpayer as defined herein, less the personal exemptions allowed by Section 228 hereof.

230. *Imposition of Tax.*

(a) There is hereby annually levied and imposed for each taxable year a tax on the net income of every resident individual of this State and on the net income, taxable in this State, of every individual not a resident of this State. Such tax shall be at the rate of 5% on the amount of the taxable net income up to but not exceeding the amount of the investment income, and at the rate of 2% on the balance, if any, of the taxable net income.

(b) There is hereby annually levied and imposed for each taxable year, a tax on the net income of every corporation (domestic or foreign) at the rate of 1½% of such portion thereof as is allocable to this State under the provisions of Section 253 hereof; provided, however, that National banks, State banks, trust companies and domestic Mutual Building and Loan Associations, including mutual savings institutions, both national and of this State, and religious, educational, charitable, social, fraternal and other similar corporations not organized or conducted for profit, no part of the net earnings of which inure to the benefit of any private shareholder or individual, and farmers' or other mutual hail, cyclone, casualty, or fire insurance companies or associations (including inter-in-