

## CHAPTER 510

(Senate Bill 156)

## AN ACT concerning

## Income Tax - Taxable Net Income

FOR the purpose of decreasing the percentage of capital gains reported as part of a lump-sum distribution that must be added to the federal adjusted gross income for purposes of calculating taxes due under the Maryland Income Tax Law.

BY repealing and reenacting, with amendments,

Article 81 - Revenue and Taxes  
Section 280(b)  
Annotated Code of Maryland  
(1975 Replacement Volume and 1979 Supplement)

SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND, That section(s) of the Annotated Code of Maryland be repealed, amended, or enacted to read as follows:

## Article 81 - Revenue and Taxes

## 280.

(b) There shall be added to federal adjusted gross income: (1) interest or dividends, (less related expenses), on obligations or securities of any state or of a political subdivision or authority thereof (other than this State and its political subdivisions and authorities); (2) salaries and wages and interest or dividends on obligations of any authority, commission, instrumentality, territory or possession of the United States or of any foreign government, which by the laws or treaties of the United States are exempt from federal income tax but not from State income taxes; (3) dividends received by individuals excluded from federal adjusted gross income pursuant to § 116 of the Internal Revenue Code; (4) for all taxable years beginning after December 31, 1974, 50 percent of the sum of the items of tax preference as determined under the provisions of § 280B of this subtitle; (5) for all taxable years beginning after December 31, 1975, the oil percentage depletion allowance as claimed and allowed under § 613 of the Internal Revenue Code, as amended from time to time; and (6) the ordinary income portion of a lump-sum distribution allowable as a deduction from federal adjusted gross income under § 402(e)(3) of the Internal Revenue Code, and, to the extent treated as ordinary income, [50] 40 percent of the capital gain portion of the distribution as provided in § 402(a)(2) of the Internal Revenue Code.

---