

BY repealing

Article - Tax - General
Section 10-205(d)
Annotated Code of Maryland
(As enacted by Chapter ____ (S.B. 1) of the
Acts of the General Assembly of 1988)

BY adding to

Article - Tax - General
Section 10-205(d)
Annotated Code of Maryland
(As enacted by Chapter ____ (S.B. 1) of the
Acts of the General Assembly of 1988)

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

Article 81 - Revenue and Taxes

280.

(b) There shall be added to federal adjusted gross income:

[(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, 40 percent of the capital gain portion of the distribution as provided in § 402(a)(2) of the Internal Revenue Code, and giving effect to § 402(e)(1)(D) of the Internal Revenue Code;]

~~{6}--TO--THE--EXTENT--NOT--INCLUDED--IN--FEDERAL--ADJUSTED GROSS--INCOME,--40--PERCENT--OF--THE--CAPITAL--GAINS--PORTION--OF--A LUMP-SUM--DISTRIBUTION--AS--DEFINED--IN--§--402(A)(2)--OF--THE--INTERNAL REVENUE--CODE--EFFECTIVE--AS--OF--DECEMBER--31,--1986,--AND--THE--BALANCE OF--THE--LUMP-SUM--DISTRIBUTION--AS--DEFINED--UNDER--THE--INTERNAL REVENUE--CODE--REDUCED--BY--THE--MINIMUM--DISTRIBUTION--ALLOWANCE--UNDER §--402(E)(1)(C)--OF--THE--INTERNAL--REVENUE--CODE,~~

(6) TO THE EXTENT NOT INCLUDED IN FEDERAL ADJUSTED GROSS INCOME, THE AMOUNT BY WHICH THE TOTAL TAXABLE AMOUNT OF A LUMP-SUM DISTRIBUTION EXCEEDS THE SUM OF 60 PERCENT OF THE CAPITAL GAINS PORTION OF THE TOTAL TAXABLE AMOUNT AND THE MINIMUM DISTRIBUTION ALLOWANCE. IN THIS ITEM, "LUMP-SUM DISTRIBUTION", "MINIMUM DISTRIBUTION ALLOWANCE", AND "TOTAL TAXABLE AMOUNT" HAVE THE MEANINGS STATED IN § 402(E) OF THE INTERNAL REVENUE CODE. "CAPITAL GAINS PORTION" IS THAT PART OF THE TOTAL TAXABLE AMOUNT THAT IS EQUAL TO THE PROPORTION THAT THE NUMBER OF CALENDAR YEARS OF ACTIVE PARTICIPATION BY THE EMPLOYEE IN THE PLAN BEFORE