

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

Article - Tax - General

8-204.

(a) A financial institution shall compute its net earnings:

(1) based on the accounting period used as its fiscal year; and

(2) subject to the additions required under subsection (b) of this section, in the manner that a corporation computes, for purposes of the income tax, the Maryland modified income.

(b) A financial institution shall add to its net earnings computed under subsection (a) of this section the amounts that, even if otherwise allowed to be subtracted under § 10-307(b) and [g](3) AND (8) of this article, equal:

(1) profit realized from the sale or exchange of bonds issued by this State or a political subdivision of this State;

(2) dividends received from foreign corporations and included in federal gross income under § 78 of the Internal Revenue Code;

(3) interest derived from a United States obligation;

[and]

(4) STATE TAX EXEMPT INTEREST RECEIVED FROM A MUTUAL FUND AND ALLOWED TO BE SUBTRACTED UNDER § 10-307(G)(8) OF THIS ARTICLE; AND

[(14)] (5) interest excluded from federal gross income under § 103 of the Internal Revenue Code and derived from a bond:

(i) issued by a state or a public corporation, special district, political subdivision of a state or their instrumentalities; or

(ii) under § 150 of the Internal Revenue Code, treated as a bond issued by a state or a public corporation, special district, or political subdivision of a state or their instrumentalities.

10-207.

(a) To the extent included in federal adjusted gross income, the amounts under this section are subtracted from the