

**CHAPTER 365**

**(House Bill 1206)**

AN ACT concerning

**Maryland Income Tax – Limitation on Tax Rate for Lump-Sum Distributions**

FOR the purpose of limiting the State income tax imposed if an individual's Maryland taxable income includes an addition modification for certain lump-sum distributions; providing for computation of the county income tax; providing for the application of this Act; allowing certain individuals to file amended tax returns and claim refunds for a certain taxable year; providing for the termination of this Act; and generally relating to the Maryland income taxation of certain lump-sum distributions.

BY repealing and reenacting, without amendments,

Article – Tax – General

Section 10-601

Annotated Code of Maryland

(1988 Volume and 1992 Supplement)

BY adding to

Article – Tax – General

Section 10-601.1

Annotated Code of Maryland

(1988 Volume and 1992 Supplement)

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

**Article – Tax – General**

10-601.

Except as otherwise provided in this subtitle, a person shall compute the State income tax by applying the tax rate in § 10-105 of this title to Maryland taxable income.

10-601.1.

(A) IF AN INDIVIDUAL'S MARYLAND TAXABLE INCOME INCLUDES AN ADDITION FOR A LUMP-SUM DISTRIBUTION UNDER § 10-204(D) OF THIS TITLE, THE STATE INCOME TAX MAY NOT EXCEED THE SUM OF:

(1) THE TAX COMPUTED BY APPLYING THE TAX RATES IN § 10-105 OF THIS TITLE TO THE GREATER OF:

(I) MARYLAND TAXABLE INCOME REDUCED BY THE AMOUNT OF THE ADDITION UNDER § 10-204(D); OR

(II) \$3,000; AND