

(1) SOLD OR EXCHANGED A RESIDENCE LOCATED IN A STATE OTHER THAN MARYLAND IN THE CURRENT TAXABLE YEAR AND INCLUDED A GAIN FROM THAT SALE OR EXCHANGE IN FEDERAL ADJUSTED GROSS INCOME;

(2) DEFERRED RECOGNITION OF A GAIN, FOR FEDERAL INCOME TAX PURPOSES UNDER § 1034 OF THE INTERNAL REVENUE CODE, IN A YEAR PRIOR TO THE CURRENT TAXABLE YEAR, ON THE SALE OR EXCHANGE OF A PREVIOUS PRINCIPAL RESIDENCE OTHER THAN THE RESIDENCE SOLD OR EXCHANGED IN THE CURRENT TAXABLE YEAR; AND

(3) PAID STATE TAX ON INCOME TO THE STATE WHERE THE PREVIOUS PRINCIPAL RESIDENCE WAS LOCATED ON THE GAIN FROM THE SALE OR EXCHANGE OF THE RESIDENCE THAT WAS DEFERRED FOR FEDERAL INCOME TAX PURPOSES.

(C) THE AMOUNT OF THE CREDIT IS EQUAL TO THE GAIN INCLUDED IN FEDERAL ADJUSTED GROSS INCOME FOR THE CURRENT YEAR ON WHICH STATE INCOME TAX WAS PAID TO ANOTHER STATE IN A PREVIOUS YEAR AS DESCRIBED IN SUBSECTION (B)(2) AND (3) OF THIS SECTION, MULTIPLIED BY THE LESSER OF:

(1) THE RATE OF TAX IMPOSED BY THE OTHER STATE ON THE DEFERRED GAIN DESCRIBED IN SUBSECTION (B)(2) AND (3) OF THIS SECTION; OR

(2) THE MAXIMUM RATE OF STATE INCOME TAX IMPOSED ON A RESIDENT OF MARYLAND.

10-706.

(b) (1) A credit under § 10-701.1, § 10-702, § 10-703, [for § 10-704.1] § 10-703.1 OR § 10-704.1 of this subtitle is allowed against only the State income tax.

(2) The county income tax is based on the amount of State income tax before the State income tax is reduced by the credit.

SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect July 1, 1995 and shall be applicable to all taxable years beginning after December 31, 1994 but before January 1, 2000. It shall remain effective for a period of 5 years and, at the end of June 30, 2000, with no further action required by the General Assembly, this Act shall be abrogated and of no further force and effect.

Approved May 25, 1995.

CHAPTER 587

(House Bill 1160)

AN ACT concerning

Communications Between Patient Client and Professional Counselor

FOR the purpose of extending to the clients of professional counselors the privilege to refuse to disclose or prevent a witness from disclosing communications relating to