

application of this Act; and generally relating to the State income tax.

BY repealing and reenacting, with amendments,

Article - Tax - General

Section 10-105(a), 10-207(r), and 10-211

Annotated Code of Maryland

(1997 Replacement Volume)

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

**Article - Tax - General**

10-105.

(a) The State income tax rate for an individual is:

- (1) 2% of Maryland taxable income of \$1 through \$1,000;
- (2) 3% of Maryland taxable income of \$1,001 through \$2,000;
- (3) 4% of Maryland taxable income of \$2,001 through \$3,000; and
- (4) for Maryland taxable income in excess of \$3,000:

(i) ~~4.95%~~ ~~4.0%~~ 4.875% for a taxable year beginning after December 31, 1997 but before January 1, 1999;

(ii) ~~4.9%~~ 4.85% for a taxable year beginning after December 31, 1998 but before January 1, 2000;

(iii) 4.85% for a taxable year beginning after December 31, 1999 but before January 1, 2001;

(iv) 4.8% for a taxable year beginning after December 31, 2000 but before January 1, 2002; and

(v) 4.75% for a taxable year beginning after December 31, 2001.

10-207.

(r) (1) In this subsection, "modified Maryland adjusted gross income" means Maryland adjusted gross income determined separately for each spouse on a joint return without regard to the subtraction allowed under this subsection.

(2) Subject to the limitation under paragraph (3) of this subsection, for a two-income married couple filing a joint return, the subtraction under subsection (a) of this section includes the modified Maryland adjusted gross income of the spouse with the lesser modified Maryland adjusted gross income for the taxable year.

(3) The subtraction under paragraph (2) of this subsection may not exceed: