

HOUSE BILL 128

Q2
HB 219/05 – W&M

2lr0989

By: **Delegates Arora, Barve, Bobo, Feldman, Washington, and Zucker**
Introduced and read first time: January 23, 2012
Assigned to: Ways and Means

A BILL ENTITLED

1 AN ACT concerning

2 **Taxes – Electing Small Business Trusts State Tax Loophole Elimination Act**

3 FOR the purpose of modifying the definition of federal adjusted gross income as it
4 relates to certain fiduciaries to include certain income of an electing small
5 business trust; providing for the application of this Act; and generally relating
6 to the definition of federal adjusted gross income for certain trusts under the
7 Maryland income tax.

8 BY repealing and reenacting, with amendments,
9 Article – Tax – General
10 Section 10–101(e)
11 Annotated Code of Maryland
12 (2010 Replacement Volume and 2011 Supplement)

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

15 **Article – Tax – General**

16 10–101.

17 (e) “Federal adjusted gross income” means:

18 (1) for an individual other than a fiduciary, the individual’s adjusted
19 gross income as determined under the Internal Revenue Code;

20 (2) for a fiduciary other than one described in item (3) of this
21 subsection, the fiduciary’s taxable income, as determined under the Internal Revenue
22 Code, increased by:

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 **(I)** the amount allowed to the fiduciary as a deduction for a
2 personal exemption under § 642(b) of the Internal Revenue Code; **AND**

3 **(II)** **THE AMOUNT OF INCOME OF AN ELECTING SMALL**
4 **BUSINESS TRUST, AS DEFINED UNDER § 1361(E)(1) OF THE INTERNAL REVENUE**
5 **CODE, THAT IS SUBJECT TO THE SPECIAL TAXING RULES UNDER § 641(C) OF**
6 **THE INTERNAL REVENUE CODE; or**

7 (3) for a fiduciary exempt from taxation under § 408(e)(1) or § 501 of
8 the Internal Revenue Code, the fiduciary's unrelated business taxable income as
9 defined under § 512 of the Internal Revenue Code.

10 **SECTION 2. AND BE IT FURTHER ENACTED,** That this Act shall take effect
11 July 1, 2012, and shall be applicable to all taxable years beginning after December 31,
12 2011.