

HOUSE BILL 600

Q3

(2lr0881)

ENROLLED BILL

— Ways and Means/Budget and Taxation —

Introduced by **Delegates Zucker, Anderson, Barve, Branch, Clippinger, Glass, Haynes, Howard, Ivey, Kaiser, Luedtke, McIntosh, A. Miller, Mitchell, Myers, Niemann, Ready, S. Robinson, Rosenberg, Ross, Serafini, Stukes, Vaughn, Walker, and Washington** Washington, Cardin, and F. Turner

Read and Examined by Proofreaders:

Proofreader.

Proofreader.

Sealed with the Great Seal and presented to the Governor, for his approval this

_____ day of _____ at _____ o'clock, _____ M.

Speaker.

CHAPTER _____

1 AN ACT concerning

2 **Income Tax – Subtraction Modification – Mortgage Forgiveness Debt Relief**

3 FOR the purpose of allowing a subtraction modification under the Maryland income
4 tax for income from the discharge of certain indebtedness related to certain
5 costs incurred with respect to a principal residence; providing that the amount
6 of the subtraction may not exceed a certain amount for certain taxpayers;
7 providing for an addition modification if a property is sold or exchanged under
8 certain circumstances; providing for the application ~~and termination~~
9 providing for the termination of certain provisions of this Act; and generally
10 relating to an income tax subtraction modification for income from the discharge
11 of certain indebtedness.

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.

Underlining indicates amendments to bill.

~~Strike out~~ indicates matter stricken from the bill by amendment or deleted from the law by amendment.

Italics indicate opposite chamber/conference committee amendments.



1 BY repealing and reenacting, without amendments,
 2 Article – Tax – General
 3 Section 10–205(a) and ~~10–208(a)~~ 10–207(a)
 4 Annotated Code of Maryland
 5 (2010 Replacement Volume and 2011 Supplement)

6 BY adding to
 7 Article – Tax – General
 8 Section 10–205(k) and ~~10–208(r)~~ 10–207(y)
 9 Annotated Code of Maryland
 10 (2010 Replacement Volume and 2011 Supplement)

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

13 **Article – Tax – General**

14 10–205.

15 (a) In addition to the modification under § 10–204 of this subtitle, the
 16 amounts under this section are added to the federal adjusted gross income of a
 17 resident to determine Maryland adjusted gross income.

18 **(K) THE ADDITION UNDER SUBSECTION (A) OF THIS SECTION**
 19 **INCLUDES, IF A TAXPAYER SOLD OR EXCHANGED A PROPERTY IN THE CURRENT**
 20 **~~TAXABLE YEAR~~ FOR WHICH A SUBTRACTION MODIFICATION UNDER § ~~10–208(r)~~**
 21 **10–207(y) OF THIS SUBTITLE HAS BEEN CLAIMED, THE DIFFERENCE BETWEEN:**

22 **(1) THE TAXPAYER’S FEDERAL ADJUSTED GROSS INCOME AS**
 23 **REPORTABLE UNDER THE FEDERAL MORTGAGE FORGIVENESS DEBT RELIEF**
 24 **ACT OF 2007, AS AMENDED, PRIOR TO ITS EXPIRATION ON DECEMBER 31, 2012,**
 25 **AND WITHOUT REGARD TO THE DATE LIMITATION IN § 108(A)(1)(E) OF THE**
 26 **INTERNAL REVENUE CODE; AND**

27 **(2) THE TAXPAYER’S FEDERAL ADJUSTED GROSS INCOME AS**
 28 **CLAIMED IN THE TAXABLE YEAR.**

29 SECTION 2. AND BE IT FURTHER ENACTED, That the Laws of Maryland
 30 read as follows:

31 **Article – Tax – General**

32 ~~10–208.~~

1 ~~(a) In addition to the modification under § 10-207 of this subtitle, the~~
2 ~~amounts under this section are subtracted from the federal adjusted gross income of a~~
3 ~~resident to determine Maryland adjusted gross income.~~

4 10-207.

5 (a) To the extent included in federal adjusted gross income, the amounts
6 under this section are subtracted from the federal adjusted gross income of a resident
7 to determine Maryland adjusted gross income.

8 ~~(P)~~ (Y) (1) THE SUBTRACTION UNDER SUBSECTION (A) OF THIS
9 SECTION INCLUDES THE AMOUNT THAT WOULD HAVE BEEN ALLOWED FOR
10 INDEBTEDNESS DISCHARGED FOR QUALIFIED PRINCIPAL RESIDENCE
11 INDEBTEDNESS UNDER THE FEDERAL MORTGAGE FORGIVENESS DEBT RELIEF
12 ACT OF 2007, AS AMENDED, PRIOR TO ITS EXPIRATION ON DECEMBER 31, 2012,
13 AND WITHOUT REGARD TO THE DATE LIMITATION IN § 108(A)(1)(E) OF THE
14 INTERNAL REVENUE CODE.

15 (2) THE SUBTRACTION UNDER PARAGRAPH (1) OF THIS
16 SUBSECTION APPLIES ONLY TO AN OWNER-OCCUPIED PRINCIPAL RESIDENCE.

17 (3) THE SUBTRACTION UNDER PARAGRAPH (1) OF THIS
18 SUBSECTION MAY NOT EXCEED:

19 (I) \$1,000,000 FOR AN INDIVIDUAL; OR

20 (II) \$2,000,000 FOR A MARRIED COUPLE FILING A JOINT
21 RETURN OR AN INDIVIDUAL DESCRIBED IN § 2 OF THE INTERNAL REVENUE
22 CODE AS A HEAD OF HOUSEHOLD OR AS A SURVIVING SPOUSE.

23 SECTION ~~2~~ 3. AND BE IT FURTHER ENACTED, That *Section 2 of* this Act
24 shall take effect July 1, 2012, and shall be applicable to all taxable years beginning
25 after December 31, 2012, but before January 1, 2014. It shall remain effective for a
26 period of 2 years and, at the end of June 30, 2014, with no further action required by
27 the General Assembly, this Act shall be abrogated and of no further force and effect.

28 SECTION 4. AND BE IT FURTHER ENACTED, That this Act shall take effect
29 July 1, 2012, and, except as provided in Section 3 of this Act, shall be applicable to all
30 taxable years beginning after December 31, 2012.