

SENATE BILL 580

Q3

2lr2757
CF HB 600

By: **Senators Peters, Conway, Currie, Ferguson, Garagiola, King, Manno, McFadden, Muse, Pugh, Ramirez, Raskin, ~~and Robey~~ Robey, Kasemeyer, Brinkley, Colburn, DeGrange, Edwards, Jones-Rodwell, and Madaleno**

Introduced and read first time: February 3, 2012

Assigned to: Budget and Taxation

Committee Report: Favorable with amendments

Senate action: Adopted

Read second time: March 20, 2012

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 of this Act;
9 and generally relating to an income tax subtraction modification for income
10 from the discharge of certain indebtedness.

11 BY repealing and reenacting, without amendments,
12 Article – Tax – General
13 Section 10–205(a) and ~~10–208(a)~~ 10–207(a)
14 Annotated Code of Maryland
15 (2010 Replacement Volume and 2011 Supplement)

16 BY adding to
17 Article – Tax – General
18 Section 10–205(k) and ~~10–208(e)~~ 10–207(y)
19 Annotated Code of Maryland
20 (2010 Replacement Volume and 2011 Supplement)

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.



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

3 **Article – Tax – General**

4 10–205.

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

8 **(K) THE ADDITION UNDER SUBSECTION (A) OF THIS SECTION**
9 **INCLUDES, IF A TAXPAYER SOLD OR EXCHANGED A PROPERTY ~~IN THE CURRENT~~**
10 **~~TAXABLE YEAR~~ FOR WHICH A SUBTRACTION MODIFICATION UNDER ~~§ 10–208(R)~~**
11 **§ 10–207(Y) OF THIS SUBTITLE HAS BEEN CLAIMED, THE DIFFERENCE**
12 **BETWEEN:**

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

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

20 ~~10–208.~~

21 ~~(a) In addition to the modification under § 10–207 of this subtitle, the~~
22 ~~amounts under this section are subtracted from the federal adjusted gross income of a~~
23 ~~resident to determine Maryland adjusted gross income.~~

24 10–207.

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

28 ~~(R)~~ **(Y) (1) THE SUBTRACTION UNDER SUBSECTION (A) OF THIS**
29 **SECTION INCLUDES THE AMOUNT THAT WOULD HAVE BEEN ALLOWED FOR**
30 **INDEBTEDNESS DISCHARGED FOR QUALIFIED PRINCIPAL RESIDENCE**
31 **INDEBTEDNESS UNDER THE FEDERAL MORTGAGE FORGIVENESS DEBT RELIEF**
32 **ACT OF 2007, AS AMENDED, PRIOR TO ITS EXPIRATION ON DECEMBER 31, 2012,**

1 AND WITHOUT REGARD TO THE DATE LIMITATION IN § 108(A)(1)(E) OF THE
2 INTERNAL REVENUE CODE.

3 (2) THE SUBTRACTION UNDER PARAGRAPH (1) OF THIS
4 SUBSECTION APPLIES ONLY TO AN OWNER–OCCUPIED PRINCIPAL RESIDENCE.

5 (3) THE SUBTRACTION UNDER PARAGRAPH (1) OF THIS
6 SUBSECTION MAY NOT EXCEED:

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

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

11 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
12 July 1, 2012, and shall be applicable to all taxable years beginning after December 31,
13 2012, but before January 1, 2014. It shall remain effective for a period of 2 years and,
14 at the end of June 30, 2014, with no further action required by the General Assembly,
15 this Act shall be abrogated and of no further force and effect.

Approved:

Governor.

President of the Senate.

Speaker of the House of Delegates.