

SENATE BILL 367

Q3
SB 596/14 – B&T

7lr2009
CF 7lr2010

By: **Senators Zucker, Peters, Edwards, Ferguson, Guzzone, King, Madaleno, Manno, and Serafini**

Introduced and read first time: January 26, 2017

Assigned to: Budget and Taxation

A BILL ENTITLED

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 tax for
4 certain taxable years for income from the discharge of certain indebtedness related
5 to certain costs incurred with respect to a principal residence; providing that the
6 amount of the subtraction may not exceed a certain amount for certain taxpayers;
7 providing for the application of this Act; providing for the termination of certain
8 provisions of this Act; correcting an obsolete reference; and generally relating to an
9 income tax subtraction modification for income from the discharge of certain
10 indebtedness.

11 BY repealing and reenacting, with amendments,
12 Article – Tax – General
13 Section 10–205(k)
14 Annotated Code of Maryland
15 (2016 Replacement Volume)

16 BY repealing and reenacting, without amendments,
17 Article – Tax – General
18 Section 10–207(a)
19 Annotated Code of Maryland
20 (2016 Replacement Volume)

21 BY adding to
22 Article – Tax – General
23 Section 10–207(ee)
24 Annotated Code of Maryland
25 (2016 Replacement Volume)

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



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

Article – Tax – General

10–205.

(k) The addition under subsection (a) of this section includes, if a taxpayer sold or exchanged a property for which a subtraction modification [under § 10–207(y)] **ENACTED BY CHAPTERS 544 AND 545 OF THE ACTS OF THE GENERAL ASSEMBLY OF 2012, AS AMENDED, OR UNDER § 10–207(EF)** of this subtitle has been claimed, the difference between:

(1) the taxpayer's federal adjusted gross income as reportable under the federal Mortgage Forgiveness Debt Relief Act of 2007, as amended, prior to its expiration on December 31, 2012, and without regard to the date limitation in § 108(a)(1)(e) of the Internal Revenue Code; and

(2) the taxpayer's federal adjusted gross income as claimed in the taxable year.

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

Article – Tax – General

10–207.

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

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

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

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

(I) \$100,000 FOR AN INDIVIDUAL; OR

1 **(II) \$200,000 FOR A MARRIED COUPLE FILING A JOINT RETURN**
2 **OR AN INDIVIDUAL DESCRIBED IN § 2 OF THE INTERNAL REVENUE CODE AS A HEAD**
3 **OF HOUSEHOLD OR AS A SURVIVING SPOUSE.**

4 SECTION 3. AND BE IT FURTHER ENACTED, That Section 2 of this Act shall take
5 effect July 1, 2017, and shall be applicable to all taxable years beginning after December
6 31, 2016, but before January 1, 2019. It shall remain effective for a period of 2 years and,
7 at the end of June 30, 2019, with no further action required by the General Assembly,
8 Section 2 of this Act shall be abrogated and of no further force and effect.

9 SECTION 4. AND BE IT FURTHER ENACTED, That this Act shall take effect July
10 1, 2017, and, except as provided in Section 3 of this Act, shall be applicable to all taxable
11 years beginning after December 31, 2016.