

## Summary of DBM Income Tax Estimates

### Phase-out Personal Exemptions for Higher Income Tax Filers

<u>Single</u>	<u>Pre-07</u>	<u>Current</u>	<u>Administration</u>
<u>Federal Adj. Gross Income</u>	<u>Reform</u>	<u>Law</u>	<u>Proposal</u>
\$100,000 or less	\$2,400	\$3,200	\$3,200
\$100,000-\$125,000	\$2,400	\$2,400	\$1,200
\$125,001-\$150,000	\$2,400	\$1,800	\$0
\$150,001-\$200,000	\$2,400	\$1,200	\$0
Over \$200,000	\$2,400	\$600	\$0

  

<u>Joint</u>	<u>Pre-07</u>	<u>Current</u>	<u>Administration</u>
\$150,000 or less	\$2,400	\$3,200	\$3,200
\$150,001-\$175,000	\$2,400	\$2,400	\$1,200
\$175,001-\$200,000	\$2,400	\$1,800	\$0
\$200,001-\$250,000	\$2,400	\$1,200	\$0
Over \$250,000	\$2,400	\$600	\$0

### Revenue Estimate

FY 13 State Revenues estimated at \$63 million; FY 14 estimate \$43 million

FY 13 Local Government Revenues estimated at \$39 million; FY 14 estimate \$26 million

### Who Pays

About 275,000 households. More than 90% of these households also affected by itemized deduction limitation.

More than 90% of revenues from filers with federally adjusted gross incomes in excess of \$150,000.

### Methodology

2009 data trended forward to current time period assuming a 1% annual increase in eligible exemptions.

FY 13 revenues include 1.5 years of revenue as proposal is retroactive to January 2012.

Data Source: Special data report from Comptroller's Office for Tax Year 2009

## Limitations on Itemized Deductions for Higher Income Filers

<u>Maryland Adj. Gross Income</u>	<u>Current Law</u>	<u>Administration Proposal</u>
\$100,000 - \$200,000	No limits	Deductions capped at 90%
Over \$200,000	No limits	Deductions capped at 80%

### Revenue Estimate

FY 13 State Revenues estimated at \$119 million; FY 14 estimate \$73 million

FY 13 Local Government Revenues estimated at \$72 million; FY 14 estimate \$44 million

### Who Pays

About 425,000 households (approximately 20% of Maryland taxpayers).

About 70% of revenues from filers with Maryland adjusted gross incomes in excess of \$150,000.

### What Other States & Federal Government Do

Of the 41 states that have an income tax, 10 allow no itemized deductions of any kind; Another 5 states and the District of Columbia limit them. The federal government previously limited itemized deductions and will do so again under current law beginning in TY 13.

### Methodology

2008 data trended forward to current time period assuming varying changes in itemized deductions and change to federal law on how much filers can itemize on the federal returns (Pease Limitations).

FY 13 revenues include 1.5 years of revenue as proposal is retroactive to January 2012.

Detailed data on deductions and incomes by county can be found in the Statistics of Income Report published by the Comptroller's Office. A link to the report is below.

Data Source: Comptroller's Office, Personal Income Tax Statistics of Income Report, Tax Year 2008

[http://www.marylandtaxes.com/finances/revenue/reports/statisticsofincome/individual/2008\\_Personal\\_SOI.pdf](http://www.marylandtaxes.com/finances/revenue/reports/statisticsofincome/individual/2008_Personal_SOI.pdf)