

(4) The amount determined under paragraph (2) of this subsection, as limited under paragraph (3) of this subsection, shall be reduced, but not below zero, by an amount equal to:

(i) one-half of the excess over \$50,000 of the ordinary federal adjusted gross income of an individual other than a married individual filing a joint return for Maryland income tax purposes; or

(ii) one-half of the excess over \$100,000 of the ordinary federal adjusted gross income of individuals filing a joint return for Maryland income tax purposes.

(5) The amount determined under paragraph (2) of this subsection, as limited and reduced under paragraphs (3) and (4) of this subsection, shall be reduced, but not below zero, by the amount of any portion of net capital gain excluded from federal adjusted gross income for federal income tax purposes.

(6) For purposes of this subsection, individuals filing a combined separate return for Maryland income tax purposes shall be treated as 2 single individuals.]

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(a) In this section, "tax preference items" mean the items that:

(1) total more than \$10,000 for an individual return or \$20,000 for a joint return;

(2) are defined under § 57 of the Internal Revenue Code;

(3) are modified and apportioned under § 59 of the Internal Revenue Code; and

(4) are further modified by:]

(i)] excluding the oil percentage depletion allowance claimed under § 613 or § 613A of the Internal Revenue Code]; and

(ii) adding the amount allowed to be subtracted as an adjustment for net capital gains under § 10-207(i) of this subtitle].

SECTION 4. AND BE IT FURTHER ENACTED, That Section(s) 10-207(i-1) of Article - Tax - General of the Annotated Code of Maryland be renumbered to be Section(s) 10-207(i).

SECTION ~~2~~ 5. AND BE IT FURTHER ENACTED, That the sales and use tax on the retail sale or use of cigarettes shall be computed without deductions.

SECTION ~~3~~ 6. AND BE IT FURTHER ENACTED, That all cigarettes used, possessed, or held in the State of Maryland by any person for sale or use in the State of Maryland shall be subject to the full tobacco tax imposed by this Act. This requirement includes: (1) cigarettes in vending machines or other mechanical dispensers; and (2) cigarettes (generally referred to as "floor stock") in packages which already bear stamps issued by the Comptroller under the State Tobacco Tax Act but for an amount less than the full tax imposed of 9 8 cents for each ten cigarettes or fractional part thereof; all cigarettes held for sale by any