

SENATE BILL 218

Q3

2lr0574

By: **Senator Manno**

Introduced and read first time: January 20, 2012

Assigned to: Budget and Taxation

A BILL ENTITLED

1 AN ACT concerning

2 **County Income Tax – Maximum Rate and Authority to Impose on a Bracket**
3 **Basis**

4 FOR the purpose of altering the maximum tax rate a county may impose on an
5 individual's Maryland taxable income; authorizing a county to impose the
6 increase to the county income tax rate on a bracket basis; and generally relating
7 to the county income tax.

8 BY repealing and reenacting, with amendments,
9 Article – Tax – General
10 Section 10–106
11 Annotated Code of Maryland
12 (2010 Replacement Volume and 2011 Supplement)

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

15 **Article – Tax – General**

16 10–106.

17 (a) (1) Each county shall set, by ordinance or resolution, a county income
18 tax equal to at least 1% but not more than [the percentage] **3.5%** of an individual's
19 Maryland taxable income [as follows:

20 (i) 3.05% for a taxable year beginning after December 31, 1998
21 but before January 1, 2001;

22 (ii) 3.10% for a taxable year beginning after December 31, 2000
23 but before January 1, 2002; and

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 (iii) 3.20% for a taxable year beginning after December 31,
2 2001].

3 (2) A county income tax rate continues until the county changes the
4 rate by ordinance or resolution.

5 (3) (i) A county may not increase its county income tax rate above
6 2.6% until after the county has held a public hearing on the proposed act, ordinance,
7 or resolution to increase the rate.

8 (ii) The county shall publish at least once each week for 2
9 successive weeks in a newspaper of general circulation in the county:

10 1. notice of the public hearing; and

11 2. a fair summary of the proposed act, ordinance, or
12 resolution to increase the county income tax rate above 2.6%.

13 (4) Notwithstanding paragraph (1) or (2) of this subsection, in Howard
14 County, the county income tax rate may be changed only by ordinance and not by
15 resolution.

16 (b) If a county changes its county income tax rate, the county shall:

17 (1) increase or decrease the rate in increments of one one-hundredth
18 of a percentage point, effective on January 1 of the year that the county designates;
19 and

20 (2) give the Comptroller notice of the rate **OR INCOME BRACKET**
21 change and the effective date of the rate **OR INCOME BRACKET** change on or before
22 July 1 prior to its effective date.

23 **(C) (1) WITH REGARD TO ANY INCREASE THAT IS EFFECTIVE ON OR**
24 **AFTER JANUARY 1, 2013, TO ITS COUNTY INCOME TAX RATE, A COUNTY MAY**
25 **APPLY THAT INCREASE ON A BRACKET BASIS.**

26 **(2) A COUNTY THAT IMPOSES THE COUNTY INCOME TAX ON A**
27 **BRACKET BASIS SHALL SET, BY ORDINANCE OR RESOLUTION, THE INCOME**
28 **BRACKETS THAT APPLY TO EACH INCOME TAX RATE.**

29 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
30 July 1, 2012.