

# HOUSE BILL 229

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CF SB 277

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By: **The Speaker (By Request – Administration) and Delegates Braveboy, Davis, Frush, Gaines, Griffith, Healey, Holmes, Howard, Hubbard, Ivey, Pena–Melnyk, V. Turner, Valderrama, Valentino–Smith, Vaughn, Walker, and A. Washington**

Introduced and read first time: January 21, 2013

Assigned to: Ways and Means

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Committee Report: Favorable

House action: Adopted

Read second time: March 8, 2013

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## CHAPTER \_\_\_\_\_

1 AN ACT concerning

2 **State Aid for Public Education – Certification of Net Taxable Income**

3 FOR the purpose of altering the definition of “net taxable income” for purposes of  
4 calculating certain State aid formulas for education; requiring the Comptroller  
5 to certify annually the amount of net taxable income in a certain manner;  
6 requiring certain State aid to be calculated in a certain manner; requiring  
7 certain State aid to be paid in a certain manner under certain circumstances;  
8 providing for the application of this Act; and generally relating to the  
9 certification of net taxable income for the purposes of certain State aid for  
10 education funding.

11 BY repealing and reenacting, without amendments,  
12 Article – Education  
13 Section 5–202(a)(1) and (14)  
14 Annotated Code of Maryland  
15 (2008 Replacement Volume and 2012 Supplement)

16 BY repealing and reenacting, with amendments,  
17 Article – Education  
18 Section 5–202(a)(9)  
19 Annotated Code of Maryland  
20 (2008 Replacement Volume and 2012 Supplement)

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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 BY adding to  
2 Article – Education  
3 Section 5–202(k)  
4 Annotated Code of Maryland  
5 (2008 Replacement Volume and 2012 Supplement)

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

8 **Article – Education**

9 5–202.

10 (a) (1) In this section the following words have the meanings indicated.

11 (9) “Net taxable income” means the amount certified by the State  
12 Comptroller for the second completed calendar year before the school year for which  
13 the calculation of State aid under this section is made, based on tax returns filed on or  
14 before:

15 (I) September 1 after [this] **THE CURRENT** calendar year; **AND**

16 (II) **NOVEMBER 1 AFTER THE CURRENT CALENDAR YEAR.**

17 (14) “Wealth” means the sum of:

18 (i) Net taxable income;

19 (ii) 100 percent of the assessed value of the operating real  
20 property of public utilities;

21 (iii) 40 percent of the assessed valuation of all other real  
22 property; and

23 (iv) 50 percent of assessed value of personal property.

24 **(K) (1) THIS SUBSECTION APPLIES TO EDUCATION PROGRAMS THAT**  
25 **USE WEALTH TO CALCULATE STATE AID FORMULAS UNDER THIS SUBTITLE.**

26 **(2) THE COMPTROLLER SHALL CERTIFY ANNUALLY THE AMOUNT**  
27 **OF NET TAXABLE INCOME BASED ON BOTH:**

28 **(I) TAX RETURNS FILED ON OR BEFORE SEPTEMBER 1; AND**

29 **(II) TAX RETURNS FILED ON OR BEFORE NOVEMBER 1.**

1           **(3) FOR EACH FISCAL YEAR, STATE AID SHALL BE CALCULATED**  
2 **AS FOLLOWS:**

3           **(I) ONCE USING THE AMOUNT CERTIFIED FOR NET**  
4 **TAXABLE INCOME UNDER PARAGRAPH (2)(I) OF THIS SUBSECTION FOR TAX**  
5 **RETURNS FILED ON OR BEFORE SEPTEMBER 1; AND**

6           **(II) AGAIN USING THE AMOUNT CERTIFIED FOR NET**  
7 **TAXABLE INCOME UNDER PARAGRAPH (2)(II) OF THIS SUBSECTION FOR TAX**  
8 **RETURNS FILED ON OR BEFORE NOVEMBER 1.**

9           **(4) SUBJECT TO PARAGRAPH (5) OF THIS SUBSECTION, THE**  
10 **AMOUNT OF STATE AID FOR A COUNTY SHALL BE THE GREATER OF THE TWO**  
11 **CALCULATIONS REQUIRED UNDER PARAGRAPH (3) OF THIS SUBSECTION.**

12           **(5) IF THE AMOUNT OF STATE AID FOR A COUNTY, USING THE**  
13 **CALCULATION OF STATE AID UNDER PARAGRAPH (3)(II) OF THIS SUBSECTION,**  
14 **IS THE GREATER OF THE TWO CALCULATIONS UNDER PARAGRAPH (3) OF THIS**  
15 **SUBSECTION, PAYMENT OF ANY INCREASE IN STATE AID RESULTING FROM THE**  
16 **DIFFERENCE BETWEEN THE TWO CALCULATIONS SHALL BE PHASED IN AS**  
17 **FOLLOWS:**

18           **(I) FOR FISCAL YEAR 2014, 20 PERCENT OF THE**  
19 **DIFFERENCE BETWEEN THE TWO CALCULATIONS;**

20           **(II) FOR FISCAL YEAR 2015, 40 PERCENT OF THE**  
21 **DIFFERENCE BETWEEN THE TWO CALCULATIONS;**

22           **(III) FOR FISCAL YEAR 2016, 60 PERCENT OF THE**  
23 **DIFFERENCE BETWEEN THE TWO CALCULATIONS;**

24           **(IV) FOR FISCAL YEAR 2017, 80 PERCENT OF THE**  
25 **DIFFERENCE BETWEEN THE TWO CALCULATIONS; AND**

26           **(V) FOR FISCAL YEAR 2018, AND EACH FISCAL YEAR**  
27 **THEREAFTER, THE FULL AMOUNT OF THE CALCULATION.**

28           SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect  
29 July 1, 2013, and shall be applicable to the calculation of payments of State aid for  
30 education for fiscal years beginning after June 30, 2013.