

SENATE BILL 766

Q3, P1

6lr2380

By: ~~Senators Madaleno and Kagan~~, **Kagan, King, Manno, and Peters**

Introduced and read first time: February 5, 2016

Assigned to: Budget and Taxation

Committee Report: Favorable with amendments

Senate action: Adopted

Read second time: March 17, 2016

CHAPTER _____

1 AN ACT concerning

2 **Local Income Tax – Overpayments ~~and~~, Underpayments, and Wynne**
3 **Repayments – Local Reserve Account Repayment**

4 FOR the purpose of requiring the Comptroller, under certain circumstances, to pay a county
5 or municipal corporation that receives a certain underpayment of local income tax
6 revenue a certain amount from a certain account; requiring a county or municipal
7 corporation that receives a certain overpayment of local income tax revenue to repay
8 a certain account in a certain manner; requiring the Comptroller, under certain
9 circumstances, to withhold certain amounts from a county or municipal corporation's
10 quarterly local income tax distributions; requiring that a certain determination by
11 the Comptroller be based on a full accounting of the income tax returns for a certain
12 taxable year; altering the manner by which the Comptroller withholds certain
13 amounts from certain local income tax distributions; prohibiting the Comptroller
14 from requiring that certain counties or municipal corporations make certain
15 reimbursement payments until a certain analysis is completed; defining a certain
16 term; and generally relating to the distribution of certain local income tax revenue.

17 BY adding to
18 Article – Tax – General
19 Section 2–611
20 Annotated Code of Maryland
21 (2010 Replacement Volume and 2015 Supplement)

22 BY repealing and reenacting, with amendments,
23 Chapter 489 of the Acts of the General Assembly of 2015

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 SECTION 27. AND BE IT FURTHER ENACTED, That the Attorney General shall
2 review the decision of the U.S. Supreme Court in the appeal of Maryland State Comptroller
3 of the Treasury v. Brian Wynne, et ux. 431 Md. 147 (2013) and advise the Comptroller
4 whether the decision, expressly or in effect, requires the payment of income tax refunds
5 and interest attributable to taxable years beginning after December 31, 2005, but before
6 January 1, 2015, and, if the Attorney General so advises, the Comptroller shall initially
7 pay the refunds and interest from the Local Reserve Account (Account) established to
8 comply with § 2-606 of the Tax – General Article. After the Comptroller pays the refunds
9 and interest from the Account, each local government shall reimburse the Account for its
10 share of related refunds and interest. If an affected local government does not reimburse
11 the Account in a timely fashion, the Comptroller shall withhold the amount owed to the
12 Account from the quarterly income tax distributions in [nine] TWENTY equal installments,
13 beginning with the first applicable quarterly distribution made after [June 2016,]
14 **FEBRUARY 2019**, until the Account is fully reimbursed.

15 SECTION 2. AND BE IT FURTHER ENACTED, That the Comptroller may not
16 require a county or municipal corporation to make a reimbursement payment under §
17 2-611 of the Tax – General Article until the Comptroller completes a statewide analysis to
18 determine the number of counties or municipal corporations that received an overpayment
19 or underpayment of local income tax revenue.

20 SECTION ~~2~~ 3. AND BE IT FURTHER ENACTED, That this Act shall take effect
21 October 1, 2016.

Approved:

Governor.

President of the Senate.

Speaker of the House of Delegates.