

HOUSE BILL 1178

C8, Q3

9lr0981

By: **Delegates Stewart, Acevero, Charkoudian, Lehman, and Wells**

Introduced and read first time: February 8, 2019

Assigned to: Environment and Transportation and Ways and Means

A BILL ENTITLED

1 AN ACT concerning

2 **Department of Housing and Community Development – Social Housing Act of**
3 **2019**

4 FOR the purpose of establishing the Social Housing Program in the Division of
5 Development Finance of the Department of Housing and Community Development;
6 specifying the purposes of the Program; requiring the Department to take certain
7 actions related to the Program; authorizing the Department, in administering the
8 Program, to act either directly or through the Community Development
9 Administration; establishing certain qualifying criteria for a social housing project;
10 authorizing a political subdivision or a certain housing authority to apply for a
11 Program loan; requiring the Department to consider certain factors when reviewing
12 an application for a Program loan; requiring the Department to give preference to a
13 certain loan application under certain circumstances and to deny a certain loan
14 application under certain circumstances; authorizing a Program loan to include
15 certain terms; authorizing the Department to modify certain terms of a Program loan
16 to facilitate repayment of the Program loan and achieve the purposes of the Program;
17 authorizing the Department to take certain actions if a Program loan is secured by
18 a mortgage; authorizing the Department to assign a certain mortgage or convey
19 certain property without approval or execution by the Board of Public Works;
20 prohibiting a person from knowingly making or causing to be made a false statement
21 or report in a certain document; prohibiting a loan applicant from knowingly making
22 or causing to be made a false statement or report to influence a certain action of the
23 Department; establishing a certain penalty for a certain violation; authorizing
24 certain provisions of this Act to be cited as the Social Housing Act; establishing the
25 Social Housing Fund as a special, nonlapsing fund; specifying the purpose of the
26 Fund; requiring the Department to administer the Fund; requiring the State
27 Treasurer to hold the Fund, and the Comptroller to account for the Fund; specifying
28 the contents of the Fund; specifying the purpose for which the Fund may be used;
29 providing for the investment of money in and expenditures from the Fund; requiring
30 interest earnings of the Fund to be credited to the Fund; exempting the Fund from a
31 certain provision of law requiring interest earnings on State money to accrue to the

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 General Fund of the State; altering the State income tax rate for individuals with a
2 certain taxable income; requiring the Comptroller to estimate the income tax
3 revenue attributable to a certain increase to the tax rate for individuals with a
4 certain taxable income for certain taxable years; requiring the Comptroller to
5 distribute a certain amount to the Fund on or before a certain date and each year
6 thereafter; requiring the Comptroller to waive certain interest and penalties for a
7 certain calendar year to a certain extent; requiring the Governor to appropriate a
8 certain amount in the annual State operating or capital budget to the Fund for a
9 certain fiscal year; providing that it is the intent of the General Assembly that the
10 Governor use the capital budget for this purpose; requiring the Department to adopt
11 certain regulations; defining certain terms; and generally relating to the State
12 individual income tax and the Social Housing Program.

13 BY repealing and reenacting, with amendments,
14 Article – Housing and Community Development
15 Section 4–103(16) and (17)
16 Annotated Code of Maryland
17 (2006 Volume and 2018 Supplement)

18 BY adding to
19 Article – Housing and Community Development
20 Section 4–103(18) and 4–512; and 4–2501 through 4–2511 to be under the new
21 subtitle “Subtitle 25. Social Housing Act”
22 Annotated Code of Maryland
23 (2006 Volume and 2018 Supplement)

24 BY repealing and reenacting, without amendments,
25 Article – State Finance and Procurement
26 Section 6–226(a)(2)(i)
27 Annotated Code of Maryland
28 (2015 Replacement Volume and 2018 Supplement)

29 BY repealing and reenacting, with amendments,
30 Article – State Finance and Procurement
31 Section 6–226(a)(2)(ii)112. and 113.
32 Annotated Code of Maryland
33 (2015 Replacement Volume and 2018 Supplement)

34 BY adding to
35 Article – State Finance and Procurement
36 Section 6–226(a)(2)(ii)114.
37 Annotated Code of Maryland
38 (2015 Replacement Volume and 2018 Supplement)

39 BY adding to
40 Article – Tax – General
41 Section 2–608.2

1 Annotated Code of Maryland
2 (2016 Replacement Volume and 2018 Supplement)

3 BY repealing and reenacting, with amendments,
4 Article – Tax – General
5 Section 2–609 and 10–105
6 Annotated Code of Maryland
7 (2016 Replacement Volume and 2018 Supplement)

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

10 **Article – Housing and Community Development**

11 4–103.

12 The Division includes:

13 (16) the Rental Housing Program; [and]

14 (17) the Self–Help Homeownership Technical Assistance Program; AND

15 (18) **THE SOCIAL HOUSING PROGRAM.**

16 4–512.

17 (A) **THERE IS A SOCIAL HOUSING FUND.**

18 (B) **THE PURPOSE OF THE FUND IS TO SUPPORT THE DEVELOPMENT OF**
19 **SOCIAL HOUSING PROJECTS IN ACCORDANCE WITH SUBTITLE 25 OF THIS TITLE.**

20 (C) **THE DEPARTMENT SHALL ADMINISTER THE FUND.**

21 (D) (1) **THE FUND IS A SPECIAL, NONLAPSING FUND THAT IS NOT**
22 **SUBJECT TO § 7–302 OF THE STATE FINANCE AND PROCUREMENT ARTICLE.**

23 (2) **THE STATE TREASURER SHALL HOLD THE FUND SEPARATELY,**
24 **AND THE COMPTROLLER SHALL ACCOUNT FOR THE FUND.**

25 (E) **THE FUND CONSISTS OF:**

26 (1) **REVENUE DISTRIBUTED TO THE FUND UNDER § 2–608.2 OF THE**
27 **TAX – GENERAL ARTICLE;**

28 (2) **MONEY APPROPRIATED IN THE STATE BUDGET TO THE FUND;**

1 **(3) REPAYMENT OF PRINCIPAL OR PAYMENTS OF INTEREST ON LOANS**
2 **FROM THE FUND;**

3 **(4) FEES REMITTED TO THE DEPARTMENT UNDER § 4-2506(C)(2)(V)**
4 **OF THIS TITLE;**

5 **(5) INTEREST EARNINGS OF THE FUND; AND**

6 **(6) ANY OTHER MONEY FROM ANY OTHER SOURCE ACCEPTED FOR**
7 **THE BENEFIT OF THE FUND.**

8 **(F) THE FUND MAY BE USED ONLY FOR THE PURPOSE OF ADMINISTERING**
9 **THE SOCIAL HOUSING PROGRAM AND MAKING LOANS TO APPROVED APPLICANTS**
10 **IN ACCORDANCE WITH SUBTITLE 25 OF THIS TITLE.**

11 **(G) (1) THE STATE TREASURER SHALL INVEST THE MONEY OF THE FUND**
12 **IN THE SAME MANNER AS OTHER STATE MONEY MAY BE INVESTED.**

13 **(2) ANY INTEREST EARNINGS OF THE FUND SHALL BE CREDITED TO**
14 **THE FUND.**

15 **(H) EXPENDITURES FROM THE FUND MAY BE MADE ONLY IN ACCORDANCE**
16 **WITH THE STATE BUDGET.**

17 **SUBTITLE 25. SOCIAL HOUSING ACT.**

18 **4-2501.**

19 **(A) IN THIS SUBTITLE THE FOLLOWING WORDS HAVE THE MEANINGS**
20 **INDICATED.**

21 **(B) “FUND” MEANS THE SOCIAL HOUSING FUND ESTABLISHED UNDER §**
22 **4-512 OF THIS TITLE.**

23 **(C) “LOW-INCOME HOUSEHOLD” MEANS ONE OR MORE INDIVIDUALS WHO**
24 **OCCUPY THE SAME RESIDENTIAL DWELLING UNIT AND WHOSE TOTAL HOUSEHOLD**
25 **INCOME IS LESS THAN THE LOWER INCOME LIMITS ESTABLISHED BY THE**
26 **SECRETARY FOR THE PROGRAM UNDER § 4-2504 OF THIS SUBTITLE.**

27 **(D) “MIDDLE-INCOME HOUSEHOLD” MEANS ONE OR MORE INDIVIDUALS**
28 **WHO OCCUPY THE SAME RESIDENTIAL DWELLING UNIT AND WHOSE TOTAL**
29 **HOUSEHOLD INCOME IS BETWEEN THE UPPER AND LOWER INCOME LIMITS**

1 ESTABLISHED BY THE SECRETARY FOR THE PROGRAM UNDER § 4-2504 OF THIS
2 SUBTITLE.

3 (E) "PROGRAM" MEANS THE SOCIAL HOUSING PROGRAM.

4 (F) "SOCIAL HOUSING PROJECT" MEANS A PROJECT ELIGIBLE FOR
5 FINANCIAL ASSISTANCE UNDER § 4-2506 OF THIS SUBTITLE.

6 4-2502.

7 THERE IS A SOCIAL HOUSING PROGRAM.

8 4-2503.

9 THE PURPOSES OF THE PROGRAM ARE TO:

10 (1) STIMULATE THE CONSTRUCTION OF SOCIAL HOUSING;

11 (2) INCREASE AND IMPROVE THE SUPPLY OF DECENT, SAFE, AND
12 SANITARY SOCIAL HOUSING AT COSTS THAT ARE AFFORDABLE TO HOUSEHOLDS OF
13 ALL INCOME LEVELS; AND

14 (3) SUPPORT ECONOMIC GROWTH AND ACTIVITY BY FINANCING, IN
15 WHOLE OR IN PART, THE CONSTRUCTION OF SOCIAL HOUSING PROJECTS.

16 4-2504.

17 (A) THE DEPARTMENT SHALL:

18 (1) ADMINISTER THE PROGRAM;

19 (2) DEVELOP PROCEDURES TO ENSURE THAT THE PROJECTS
20 RECEIVING FINANCIAL ASSISTANCE FROM THE PROGRAM ARE IN COMPLIANCE
21 WITH APPLICABLE OCCUPANCY RESTRICTIONS;

22 (3) USE FEDERAL AND STATE PROGRAMS TO HELP CARRY OUT THE
23 PROGRAM; AND

24 (4) ENCOURAGE THE ASSISTANCE OR PARTICIPATION OF LOCAL
25 POLITICAL SUBDIVISIONS.

26 (B) THE SECRETARY SHALL SET INCOME GUIDELINES FOR LOW-INCOME
27 HOUSEHOLDS AND MIDDLE-INCOME HOUSEHOLDS BY CONSIDERING:

1 **(1) THE MEDIAN INCOME FOR THE AREA;**

2 **(2) THE MINIMUM INCOME NEEDED TO AFFORD AVAILABLE**
3 **STANDARD RENTAL UNITS IN THE AREA;**

4 **(3) FEDERAL INCOME GUIDELINES, INCLUDING THE REQUIREMENTS**
5 **OF THE FEDERAL LOW-INCOME HOUSING TAX CREDIT PROGRAM; AND**

6 **(4) ANY OTHER RELEVANT FACTOR.**

7 **(C) IN ADMINISTERING THE PROGRAM UNDER THIS SUBTITLE, THE**
8 **DEPARTMENT MAY ACT EITHER DIRECTLY OR THROUGH THE ADMINISTRATION.**

9 **4-2505.**

10 **(A) THE DEPARTMENT SHALL ADOPT REGULATIONS TO CARRY OUT THE**
11 **PROGRAM.**

12 **(B) THE REGULATIONS SHALL PROVIDE FOR:**

13 **(1) APPLICATIONS FOR MONEY FROM THE FUND;**

14 **(2) STANDARDS OF ELIGIBILITY, TERMS, AND FEES;**

15 **(3) CHARGES THAT SHALL BE IMPOSED ON PROGRAM LOANS; AND**

16 **(4) THE RECAPTURE OF MONEY OF THE FUND FROM A BORROWER**
17 **THAT DOES NOT USE THE MONEY IN A TIMELY MANNER.**

18 **4-2506.**

19 **(A) A PROJECT QUALIFIES AS A SOCIAL HOUSING PROJECT UNDER THIS**
20 **SUBTITLE IF IT MEETS THE REQUIREMENTS OF THIS SECTION.**

21 **(B) A SOCIAL HOUSING PROJECT SHALL REMAIN PERMANENTLY IN PUBLIC**
22 **OWNERSHIP AND MAY NOT REVERT TO PRIVATE OR NONPROFIT OWNERSHIP UNDER**
23 **ANY CIRCUMSTANCES.**

24 **(C) (1) SUBJECT TO THE PROVISIONS OF THIS SUBSECTION, RENTAL**
25 **UNITS IN A SOCIAL HOUSING PROJECT SHALL BE AVAILABLE TO HOUSEHOLDS OF**
26 **ALL INCOME LEVELS.**

27 **(2) (I) A SOCIAL HOUSING PROJECT SHALL INCLUDE THREE TIERS**
28 **OF RENTAL UNITS, FOR WHICH RENTAL RATES SHALL BE SET IN ACCORDANCE WITH**

1 THIS PARAGRAPH.

2 (II) THE RENTAL RATE FOR A TIER I UNIT SHALL BE THE
3 ESTIMATED MARKET RATE FOR THE UNIT.

4 (III) THE RENTAL RATE FOR A TIER II RENTAL UNIT SHALL BE
5 EQUAL TO:

6 1. THE UNIT'S SHARE OF:

7 A. OPERATING COSTS FOR THE SOCIAL HOUSING
8 PROJECT; AND

9 B. ANY VACANCY LOSS FOR THE SOCIAL HOUSING
10 PROJECT; AND

11 2. A. THE UNIT'S SHARE OF REPAYMENT COSTS FOR
12 ANY MUNICIPAL BONDS OR FUND LOANS USED TO FINANCE THE DEVELOPMENT OF
13 THE SOCIAL HOUSING PROJECT; OR

14 B. AFTER ANY MUNICIPAL BONDS OR FUND LOANS HAVE
15 BEEN REPAYED, A FEE THAT SHALL BE NOT LESS THAN 80% AND NOT MORE THAN
16 100% OF THE AMOUNT PREVIOUSLY CHARGED UNDER ITEM A OF THIS ITEM.

17 (IV) THE RENTAL RATE FOR A TIER III UNIT SHALL BE EQUAL
18 TO:

19 1. THE RENTAL RATE FOR A TIER II UNIT; MINUS

20 2. THE DIFFERENCE BETWEEN THE RENTAL RATE FOR A
21 TIER I UNIT AND THE RENTAL RATE FOR A TIER II UNIT.

22 (V) FEES COLLECTED UNDER PARAGRAPH (III)2B OF THIS
23 SUBSECTION SHALL BE REMITTED TO THE DEPARTMENT AND DEPOSITED IN THE
24 FUND.

25 (VI) THE OCCUPANCY OF UNITS IN EACH OF THE THREE TIERS
26 SHALL BE RESTRICTED AS FOLLOWS:

27 1. TIER III UNITS SHALL BE MADE AVAILABLE ONLY TO
28 LOW-INCOME HOUSEHOLDS;

29 2. TIER II UNITS SHALL BE MADE AVAILABLE ONLY TO

1 LOW- AND MIDDLE-INCOME HOUSEHOLDS; AND

2 3. TIER I UNITS SHALL BE MADE AVAILABLE TO
3 HOUSEHOLDS OF ALL INCOME LEVELS.

4 (D) (1) A SOCIAL HOUSING PROJECT SHALL INCLUDE:

5 (I) A MINIMUM PERCENTAGE OF RENTAL UNITS RESERVED FOR
6 SENIORS;

7 (II) A MINIMUM PERCENTAGE OF ONE-BEDROOM RENTAL UNITS
8 RESERVED FOR INDIVIDUALS AND COUPLES;

9 (III) AN EQUAL NUMBER OF TIER I UNITS AND TIER III UNITS;
10 AND

11 (IV) A NUMBER OF TIER II UNITS THAT IS LESS THAN OR EQUAL
12 TO THE COMBINED NUMBER OF TIER I UNITS AND TIER III UNITS.

13 (2) RENTAL UNITS RESTRICTED FOR OCCUPANCY TO MEET OTHER
14 FEDERAL, STATE, OR LOCAL OCCUPANCY REQUIREMENTS MAY BE COUNTED
15 TOWARD THE MINIMUM REQUIRED UNDER PARAGRAPH (1) OF THIS SUBSECTION.

16 (E) A SOCIAL HOUSING PROJECT IN AN URBAN OR SUBURBAN AREA SHALL
17 BE:

18 (1) CONSTRUCTED AT A HIGH DENSITY RELATIVE TO THE COUNTY OR
19 MUNICIPAL CORPORATION IN WHICH THE SOCIAL HOUSING UNIT IS LOCATED; AND

20 (2) LOCATED WITHIN A REASONABLE WALKING DISTANCE OF
21 HIGH-FREQUENCY PUBLIC TRANSIT AND QUALITY SCHOOLS, WHEN AVAILABLE IN
22 THE COUNTY OR MUNICIPAL CORPORATION.

23 4-2507.

24 (A) ONLY A POLITICAL SUBDIVISION OR A LOCAL HOUSING AUTHORITY
25 ESTABLISHED UNDER DIVISION II OF THIS ARTICLE MAY APPLY FOR A PROGRAM
26 LOAN.

27 (B) IN REVIEWING AN APPLICATION FOR A PROGRAM LOAN UNDER THIS
28 SUBTITLE, THE DEPARTMENT SHALL CONSIDER:

29 (1) THE EXTENT TO WHICH LOW- AND MIDDLE-INCOME HOUSEHOLDS

1 WILL BE ASSISTED BY THE PROPOSED PROJECT;

2 (2) THE NUMBER AND PERCENTAGE OF LOW- AND MIDDLE-INCOME
3 HOUSEHOLDS CURRENTLY LIVING IN THE COMMUNITY WHERE THE PROJECT IS
4 PROPOSED;

5 (3) THE QUANTITY, CONDITION, AND AFFORDABILITY OF
6 RESIDENTIAL PROPERTY IN THE COMMUNITY WHERE THE PROJECT IS PROPOSED;

7 (4) THE ECONOMIC FEASIBILITY OF THE PROPOSED PROJECT;

8 (5) THE DEGREE OF LOCAL GOVERNMENT INCENTIVE AND SUPPORT
9 PROVIDED TO THE PROPOSED PROJECT, INCLUDING CONTRIBUTION OF LAND,
10 ABATEMENT OF TAXES OR FEES, DIRECT OR INDIRECT RENTAL SUBSIDIES, AND
11 GRANTS;

12 (6) DETAILS OF HOW ANY CONTRACTORS OR SERVICE PROVIDERS
13 WILL BE SELECTED FOR THE PROJECT; AND

14 (7) ANY OTHER RELEVANT FACTORS.

15 (C) IN DETERMINING WHETHER TO AWARD A PROGRAM LOAN UNDER THIS
16 SUBTITLE, THE DEPARTMENT SHALL:

17 (1) DENY AN APPLICATION THAT DOES NOT INCLUDE A REQUIREMENT
18 THAT ANY CONTRACTOR SELECTED TO WORK ON THE PROJECT PAY THE
19 PREVAILING WAGE RATE SET FOR THE LOCALITY BY THE COMMISSIONER OF LABOR
20 AND INDUSTRY UNDER TITLE 17, SUBTITLE 2 OF THE STATE FINANCE AND
21 PROCUREMENT ARTICLE;

22 (2) GIVE PREFERENCE TO AN APPLICATION THAT PRIORITIZES THE
23 USE OF:

24 (I) UNIONIZED LABOR;

25 (II) COOPERATIVE OR WORKER-OWNED BUSINESSES; AND

26 (III) MINORITY-OWNED BUSINESSES; AND

27 (3) GIVE PREFERENCE TO AN APPLICATION THAT ADDS TO THE TOTAL
28 AVAILABLE HOUSING STOCK IN A COMMUNITY.

29 4-2508.

1 **(A) MONEY IN THE FUND MAY BE USED TO MAKE LOANS TO AN APPROVED**
2 **APPLICANT TO:**

3 **(1) ACQUIRE OR CONSTRUCT A SOCIAL HOUSING PROJECT;**

4 **(2) CONVERT AN EXISTING NONRESIDENTIAL BUILDING OR**
5 **BUILDINGS TO A SOCIAL HOUSING PROJECT; OR**

6 **(3) PROVIDE OPERATING ASSISTANCE TO REDUCE THE OPERATING**
7 **COSTS OF A PROJECT BY DEPOSITING THE PROCEEDS OF THE PROGRAM LOAN IN AN**
8 **INTEREST-BEARING ACCOUNT THAT IS UNDER THE CONTROL OF THE DEPARTMENT**
9 **AND IS USED TO PAY THE OPERATING COSTS, INCLUDING THE PRINCIPAL AND**
10 **INTEREST WHEN DUE, ON ANY PRIOR MORTGAGE LOAN SECURING THE PROJECT.**

11 **(B) A PROGRAM LOAN MAY:**

12 **(1) BE SECURED BY A MORTGAGE LIEN;**

13 **(2) BE SUBORDINATE TO OTHER FINANCING;**

14 **(3) HAVE AN INTEREST RATE AS LOW AS 0%;**

15 **(4) BE PAYABLE OUT OF SURPLUS CASH;**

16 **(5) BE A DEFERRED PAYMENT LOAN;**

17 **(6) PROVIDE FOR AN EQUITY PARTICIPATION BY THE DEPARTMENT**
18 **OR CONTINGENT INTEREST PAYABLE OUT OF SURPLUS CASH OR NET EQUITY; OR**

19 **(7) HAVE ANY OTHER TERMS THE DEPARTMENT MAY REQUIRE.**

20 **(C) TO FACILITATE REPAYMENT OF THE PROGRAM LOAN AND ACHIEVE THE**
21 **PURPOSES OF THE PROGRAM, THE DEPARTMENT MAY MODIFY:**

22 **(1) THE INTEREST RATE;**

23 **(2) THE TIME OR AMOUNT OF PAYMENT; OR**

24 **(3) ANY OTHER TERM OF THE PROGRAM LOAN.**

25 **4-2509.**

1 **(A) IF A PROGRAM LOAN IS SECURED BY A MORTGAGE, THE DEPARTMENT**
2 **MAY:**

3 **(1) ENFORCE THE MORTGAGE;**

4 **(2) FORECLOSE ON THE MORTGAGE AND TAKE TITLE TO THE**
5 **MORTGAGED PROPERTY OR TAKE DEED IN LIEU OF FORECLOSURE;**

6 **(3) CONVEY TITLE TO A PURCHASER;**

7 **(4) OBTAIN AND ENFORCE A DEFICIENCY JUDGMENT;**

8 **(5) ALLOW ASSUMPTION OF THE MORTGAGE; AND**

9 **(6) CONTRACT WITH A PRIVATE MORTGAGE SERVICER TO PERFORM**
10 **ON BEHALF OF THE DEPARTMENT ANY FUNCTIONS A SERVICER ORDINARILY**
11 **PERFORMS.**

12 **(B) WITHOUT APPROVAL OR EXECUTION BY THE BOARD OF PUBLIC**
13 **WORKS, THE DEPARTMENT MAY:**

14 **(1) ASSIGN A MORTGAGE FOR VALUE; OR**

15 **(2) CONVEY PROPERTY AFTER ACQUISITION.**

16 **4-2510.**

17 **(A) (1) A PERSON MAY NOT KNOWINGLY MAKE OR CAUSE TO BE MADE A**
18 **FALSE STATEMENT OR REPORT IN A DOCUMENT REQUIRED TO BE SUBMITTED TO**
19 **THE DEPARTMENT UNDER AN AGREEMENT RELATING TO A PROGRAM LOAN.**

20 **(2) A LOAN APPLICANT MAY NOT KNOWINGLY MAKE OR CAUSE A**
21 **FALSE STATEMENT OR REPORT TO BE MADE TO INFLUENCE THE ACTION OF THE**
22 **DEPARTMENT ON A PROGRAM LOAN APPLICATION OR TO INFLUENCE ACTION OF**
23 **THE DEPARTMENT AFFECTING A PROGRAM LOAN ALREADY MADE.**

24 **(B) A PERSON WHO VIOLATES THIS SECTION IS GUILTY OF A MISDEMEANOR**
25 **AND ON CONVICTION IS SUBJECT TO IMPRISONMENT NOT EXCEEDING 5 YEARS OR A**
26 **FINE NOT EXCEEDING \$50,000 OR BOTH.**

27 **4-2511.**

28 **THIS SUBTITLE MAY BE CITED AS THE SOCIAL HOUSING ACT.**

Article – State Finance and Procurement

6–226.

(a) (2) (i) Notwithstanding any other provision of law, and unless inconsistent with a federal law, grant agreement, or other federal requirement or with the terms of a gift or settlement agreement, net interest on all State money allocated by the State Treasurer under this section to special funds or accounts, and otherwise entitled to receive interest earnings, as accounted for by the Comptroller, shall accrue to the General Fund of the State.

(ii) The provisions of subparagraph (i) of this paragraph do not apply to the following funds:

112. the Pretrial Services Program Grant Fund; [and]

113. the Veteran Employment and Transition Success Fund;

AND

114. THE SOCIAL HOUSING FUND.

Article – Tax – General

2–608.2.

(A) FOR EACH TAXABLE YEAR BEGINNING AFTER DECEMBER 31, 2018, THE COMPTROLLER SHALL ESTIMATE THE INCOME TAX REVENUE ATTRIBUTABLE TO THE 2% INCREASE TO THE TAX RATE FOR INDIVIDUALS WITH A MARYLAND TAXABLE INCOME IN EXCESS OF \$1,000,000.

(B) ON OR BEFORE JUNE 30, 2020, AND EACH YEAR THEREAFTER, THE COMPTROLLER SHALL DISTRIBUTE TO THE SOCIAL HOUSING FUND ESTABLISHED UNDER § 4–512 OF THE HOUSING AND COMMUNITY DEVELOPMENT ARTICLE AN AMOUNT EQUAL TO THE ESTIMATE UNDER SUBSECTION (A) OF THIS SECTION.

2–609.

After making the distributions required under §§ 2–604 through [2–608.1] **2–608.2** of this subtitle, and after making the distributions required under §§ 7–329 and 7–330 of the State Finance and Procurement Article, the Comptroller shall distribute the remaining income tax revenue from individuals to the General Fund of the State.

10–105.

1 (a) (1) For an individual other than an individual described in paragraph (2)
2 of this subsection, the State income tax rate is:

- 3 (i) 2% of Maryland taxable income of \$1 through \$1,000;
4 (ii) 3% of Maryland taxable income of \$1,001 through \$2,000;
5 (iii) 4% of Maryland taxable income of \$2,001 through \$3,000;
6 (iv) 4.75% of Maryland taxable income of \$3,001 through \$100,000;
7 (v) 5% of Maryland taxable income of \$100,001 through \$125,000;
8 (vi) 5.25% of Maryland taxable income of \$125,001 through \$150,000;
9 (vii) 5.5% of Maryland taxable income of \$150,001 through \$250,000;

10 [and]

11 (viii) 5.75% of Maryland taxable income [in excess of \$250,000] OF
12 **\$250,001 THROUGH \$1,000,000; AND**

13 **(IX) 7.75% OF MARYLAND TAXABLE INCOME IN EXCESS OF**
14 **\$1,000,000.**

15 (2) For spouses filing a joint return or for a surviving spouse or head of
16 household as defined in § 2 of the Internal Revenue Code, the State income tax rate is:

- 17 (i) 2% of Maryland taxable income of \$1 through \$1,000;
18 (ii) 3% of Maryland taxable income of \$1,001 through \$2,000;
19 (iii) 4% of Maryland taxable income of \$2,001 through \$3,000;
20 (iv) 4.75% of Maryland taxable income of \$3,001 through \$150,000;
21 (v) 5% of Maryland taxable income of \$150,001 through \$175,000;
22 (vi) 5.25% of Maryland taxable income of \$175,001 through \$225,000;
23 (vii) 5.5% of Maryland taxable income of \$225,001 through \$300,000;

24 [and]

25 (viii) 5.75% of Maryland taxable income [in excess of \$300,000] OF
26 **\$300,001 THROUGH \$1,000,000; AND**

27 **(IX) 7.75% OF MARYLAND TAXABLE INCOME IN EXCESS OF**

1 **\$1,000,000.**

2 (b) The State income tax rate for a corporation is 8.25% of Maryland taxable
3 income.

4 (c) For a married couple filing a joint income tax return, the rates specified in
5 subsection (a) of this section apply to the joint Maryland taxable income of the married
6 couple.

7 (d) For a nonresident:

8 (1) the rates specified in subsection (a) of this section apply to the
9 nonresident's Maryland taxable income, calculated without regard to the subtractions
10 under § 10–210(b), (e), and (f) of this title; and

11 (2) the State income tax imposed equals the result obtained under item (1)
12 of this subsection multiplied times a fraction:

13 (i) the numerator of which is the nonresident's Maryland taxable
14 income, calculated with the subtractions under § 10–210(b), (e), and (f) of this title; and

15 (ii) the denominator of which is the nonresident's Maryland taxable
16 income, calculated without regard to the subtractions under § 10–210(b), (e), and (f) of this
17 title.

18 SECTION 2. AND BE IT FURTHER ENACTED, That for fiscal year 2021, the
19 Governor shall appropriate \$2,500,000,000 in the annual State operating or capital budget
20 to the Social Housing Fund established under Section 1 of this Act. It is the intent of the
21 General Assembly that the Governor use the capital budget for this purpose.

22 SECTION 3. AND BE IT FURTHER ENACTED, That the Comptroller shall waive
23 any interest or penalty imposed on an individual relating to the payment of estimated
24 income tax for calendar year 2019 to the extent that the Comptroller determines that the
25 interest or penalty would not have been incurred but for an increase in the income tax rates
26 for calendar year 2019 under Section 1 of this Act.

27 SECTION 4. AND BE IT FURTHER ENACTED, That this Act shall take effect July
28 1, 2019, and shall be applicable to all taxable years beginning after December 31, 2018.