

HOUSE BILL 737

L6

0lr1960
CF 0lr3732

By: **Delegates Anderton, B. Barnes, and Sample–Hughes**

Introduced and read first time: January 30, 2020

Assigned to: Appropriations

Committee Report: Favorable with amendments

House action: Adopted

Read second time: March 9, 2020

CHAPTER _____

1 AN ACT concerning

2 **Local Governments – Income Tax Disparity Grants – Amounts**

3 FOR the purpose of altering the calculation of certain income tax disparity grants to
4 counties and Baltimore City under certain circumstances and for certain fiscal years;
5 ~~extending~~ repealing a certain termination provision; and generally relating to
6 income tax disparity grants to counties and Baltimore City.

7 BY repealing and reenacting, with amendments,

8 Article – Local Government

9 Section 16–501

10 Annotated Code of Maryland

11 (2013 Volume and 2019 Supplement)

12 BY repealing and reenacting, with amendments,

13 Chapter 738 of the Acts of the General Assembly of 2016, as amended by Chapter
14 472 of the Acts of the General Assembly of 2018

15 Section 2

16 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND,

17 That the Laws of Maryland read as follows:

18 **Article – Local Government**

19 16–501.

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 (a) Subject to subsection (e) of this section, for each fiscal year, the Comptroller
2 shall pay to an eligible county a grant in the amount determined under subsection (c)(3) of
3 this section.

4 (b) A county may not receive a grant under subsection (a) of this section if the
5 county's income tax rate was less than 2.6%:

6 (1) for the taxable year that ended in the second prior fiscal year; or

7 (2) for any subsequent taxable year through the taxable year that ends in
8 the current fiscal year.

9 (c) (1) For each fiscal year, the Comptroller shall determine for each county:

10 (i) the county income tax collected from individuals for the taxable
11 year that ended in the second prior fiscal year, based on tax returns filed through November
12 1 of the year following the applicable taxable year; and

13 (ii) the amount of county income tax that the county would have
14 received if the county income tax rate was 2.54%.

15 (2) For each fiscal year, the Comptroller shall determine as rounded to the
16 nearest cent:

17 (i) the per capita yield of the county income tax for each county,
18 based on:

19 1. the population of the county as last projected by the
20 Maryland Department of Health for July 1 of the applicable taxable year or the latest
21 decennial census for the applicable taxable year; and

22 2. the amount specified in paragraph (1)(ii) of this
23 subsection; and

24 (ii) the per capita statewide yield of the county income tax, based on:

25 1. the State population as last projected by the Maryland
26 Department of Health for July 1 of the applicable taxable year or the latest decennial
27 census for the applicable taxable year; and

28 2. the amount of county income tax specified in paragraph
29 (1)(ii) of this subsection for all counties.

30 (3) If the per capita yield of the county income tax for a county determined
31 under paragraph (2)(i) of this subsection is less than 75% of the per capita statewide yield
32 of the county income tax determined under paragraph (2)(ii) of this subsection, the

1 Comptroller shall determine the amount that would increase the county per capita yield to
2 equal 75% of the statewide per capita yield, as rounded to the nearest dollar.

3 (d) The Comptroller shall pay to an eligible county the amount determined under
4 subsection (c)(3) of this section in quarterly payments during each fiscal year.

5 (e) (1) Except as provided in paragraph (2) of this subsection, for fiscal year
6 2011 and each subsequent fiscal year, the distribution provided to any county or Baltimore
7 City under this section may not exceed the amount distributed to the county or Baltimore
8 City for fiscal year 2010.

9 (2) (i) If a county or Baltimore City has a county income tax rate of at
10 least 2.8% but less than 3%, the county or Baltimore City may receive a minimum of 20%
11 of the amount determined under subsection (c)(3) of this section.

12 (ii) If a county or Baltimore City has a county income tax rate of at
13 least 3% but less than 3.2%, the county or Baltimore City may receive a minimum of 40%
14 of the amount determined under subsection (c)(3) of this section.

15 (iii) If a county or Baltimore City has a county income tax rate of at
16 least 3.2%:

17 1. on or before June 30, 2017, the county or Baltimore City
18 may receive a minimum of 60% of the amount determined under subsection (c)(3) of this
19 section;

20 2. in fiscal year 2018, the county or Baltimore City may
21 receive a minimum of 63.75% of the amount determined under subsection (c)(3) of this
22 section; ~~and~~

23 3. in fiscal years 2019, 2020, ~~and~~ 2021, ~~2022, AND 2023,~~
24 the county or Baltimore City may receive a minimum of 67.5% of the amount determined
25 under subsection (c)(3) of this section; **AND**

26 **4. IN FISCAL YEAR 2022, AND EACH FISCAL YEAR**
27 **THEREAFTER, THE COUNTY OR BALTIMORE CITY MAY RECEIVE A MINIMUM OF 80%**
28 **OF THE AMOUNT DETERMINED UNDER SUBSECTION (C)(3) OF THIS SECTION.**

29 **Chapter 738 of the Acts of 2016, as amended by Chapter 472 of the Acts of 2018**

30 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect July
31 1, 2016. ~~It shall remain effective for a period [5] OF 7 years and, at the end of June 30,~~
32 ~~[2021] 2023, with no further action required by the General Assembly, this Act shall be~~
33 ~~abrogated and of no further force and effect.~~

1 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect July
2 1, 2020.

Approved:

Governor.

Speaker of the House of Delegates.

President of the Senate.