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**By: Delegates Bobo and Fry**

Introduced and read first time: February 2, 1996

Assigned to: Ways and Means

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A BILL ENTITLED

1 AN ACT concerning

2 **County Income Tax**

3 FOR the purpose of authorizing, rather than requiring, the counties including Baltimore  
4 City to have a county income tax measured by the State income tax of residents  
5 domiciled or maintaining a principal residence or place of abode in the county;  
6 repealing the minimum rate applicable to the county income tax; and providing for  
7 the application of this Act.

8 BY repealing and reenacting, with amendments,  
9 Article - Tax - General  
10 Section 10-103 and 10-106  
11 Annotated Code of Maryland  
12 (1988 Volume and 1995 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 10-103.

17 (a) Each county [shall] MAY have a county income tax measured by the State  
18 income tax of:

19 (1) each resident, other than a fiduciary, who on the last day of the taxable  
20 year:

21 (i) is domiciled in the county; or

22 (ii) maintains a principal residence or a place of abode in the county;

23 (2) each personal representative of an estate if the decedent was domiciled  
24 in the county on the date of the decedent's death;

25 (3) each resident fiduciary of:

26 (i) a trust that is principally administered in the county; or

27 (ii) a trust that is otherwise principally connected to the county and is  
28 not principally administered in the State; and

1 (4) except as provided in § 10-806(c) of this title, a nonresident who derives  
2 income from salary, wages, or other compensation for personal services for employment  
3 in the county.

4 (b) Except for the county income tax, a county, municipal corporation, special  
5 taxing district, or other political subdivision may not impose a general local income,  
6 earnings, or payroll tax, a general occupational license tax, or a general license or permit  
7 tax based on income, earnings, or gross receipts.

8 10-106.

9 (a) (1) Each county [shall] MAY set, by ordinance or resolution, a county  
10 income tax [equal to at least 20% but not more than] NOT TO EXCEED 60%, to be  
11 applied to the State income tax for an individual.

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

14 (3) (i) A county may not increase its county income tax rate above 50%  
15 until after the county has held a public hearing on the proposed act, ordinance, or  
16 resolution to increase the rate.

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

19 1. notice of the public hearing; and

20 2. a fair summary of the proposed act, ordinance, or resolution  
21 to increase the county income tax rate above 50%.

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

25 (b) Except as provided in subsection (c) of this section, if a county changes its  
26 county income tax rate, the county shall:

27 (1) increase or decrease the rate in increments of 5 percentage points,  
28 effective on January 1 of the year that the county designates; and

29 (2) give the Comptroller notice of the rate change and the effective date of  
30 the rate change on or before July 1 prior to its effective date.

31 (c) A county income tax rate in excess of 50% at the option of the county may be  
32 a multiple of 2 percentage points above 50% instead of a multiple of 5 percentage points  
33 above 50%.

34 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect  
35 July 1, 1996 and shall be applicable to all taxable years beginning after December 31,  
36 1996.