

Department of Fiscal Services
Maryland General Assembly

FISCAL NOTE
Revised

Senate Bill 806 (Senator Pica, et al.)
Budget and Taxation

Referred to Ways and Means

County Income Tax Disparity Grants

This amended bill ensures that every county's local income tax revenues (piggyback revenues) will be at least 75% of the statewide per capita piggyback yield if their piggyback rate is at least 50%. Under current law, each county is guaranteed at least 70% of the statewide per capita piggyback yield.

This bill is effective July 1, 1997, contingent on the enactment of Senate Bill 673.

Fiscal Summary

State Effect: General fund expenditures would increase by \$14.1 million in FY 1998, assuming the enactment of Senate Bill 673. Out-year estimates are based on estimated changes in population and piggyback revenue. Revenues would not be affected.

(in millions)	FY 1997	FY 1998	FY 1999	FY 2000	FY 2001
GF Revenues	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
GF Expenditures	\$0.0	\$14.1	\$14.3	\$14.6	\$14.9
Net Effect	\$0.0	(\$14.1)	(\$14.3)	(\$14.6)	(\$14.9)

Note: () - decrease; GF - general funds; FF - federal funds; SF - special funds

Local Effect: Revenues of seven of the 24 local subdivisions would increase in FY 1998 by a total of \$14.1 million.

Fiscal Analysis

State Expenditures: Local disparity grants would increase as shown above. The amount of this increase is estimated to be \$14.1 million in fiscal 1998. The grants are from the general

fund.

Local Revenues: Under current law, localities receive a disparity grant if their adjusted per capita piggyback tax revenues are 70% or less of the State per capita piggyback tax, and only if their piggyback rate is 50% or more. The State per capita piggyback revenue is estimated to be \$299 in fiscal 1998. Exhibit 1 shows the counties which are estimated to be eligible for a disparity grant in fiscal 1998, the determination of the estimated current law fiscal 1998 grant amount, and the grant if it is to achieve 75% of the statewide per capita piggyback revenue. As shown in Exhibit 1, one county (Washington) which is not currently receiving a disparity grant would receive one under this bill in fiscal 1998.

Exhibit 2 shows the amounts of the grants in the out-years. These estimates are based on projections of population growth from the Office of Planning and the historical growth of piggyback revenues for individual counties from 1985 to 1991.

Information Source(s): Office of the Comptroller (Revenue Administration Division), Department of Budget and Fiscal Planning, Office of Planning, Department of Fiscal Services

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