

BY: Senator Pinsky

AMENDMENTS TO SENATE BILL NO. 237, AS AMENDED

(First Reading File Bill)

AMENDMENT NO. 1

Strike the Budget and Taxation Committee Amendments (SB0237/609702/1) in their entirety.

AMENDMENT NO. 2

On page 1 of the bill, in line 2, strike “- Reduction” and substitute “Reform”; in line 3, strike “a certain tax rate” and substitute “the rates and rate brackets”; strike beginning with the first “altering” in line 4 down through “payments;” in line 6 and substitute “providing for a certain State grant to certain counties under certain circumstances;”; in line 7, strike “State and county income taxes” and substitute “the alteration of rates and rate brackets under the Maryland income tax on individuals”; strike in their entirety lines 8 through 13, inclusive; in line 16, strike “10-106(d)” and substitute “2-608(c)”; and after line 18, insert:

“BY repealing and reenacting, with amendments,

Article - Tax - General

Section 10-105(a) and (c)

Annotated Code of Maryland

(1988 Volume and 1996 Supplement)”.

AMENDMENT NO. 3

On pages 1 through 3, strike in their entirety the lines beginning with line 22 on page 1 through line 34 on page 3, inclusive, and substitute:

“2-608.

(C) (1) IN THIS SUBSECTION, “REVENUES TO INCOME RATIO” MEANS, FOR ANY FISCAL YEAR, THE RATIO OF COUNTY INCOME TAX REVENUES FOR A COUNTY TO

(Over)

THE MARYLAND TAXABLE INCOME OF RESIDENTS OF THE COUNTY FOR THE TAXABLE YEAR THAT ENDED IN THE IMMEDIATELY PRECEDING FISCAL YEAR.

(2) FOR FISCAL YEAR 2000 AND EACH SUBSEQUENT FISCAL YEAR, IF A COUNTY'S REVENUES TO INCOME RATIO IS LESS THAN THE COUNTY'S REVENUES TO INCOME RATIO FOR FISCAL YEAR 1999, THE STATE SHALL DISTRIBUTE TO THE COUNTY AN AMOUNT THAT WHEN ADDED TO THE COUNTY INCOME TAX REVENUES FOR THE COUNTY FOR THE TAXABLE YEAR THAT ENDED IN THE IMMEDIATELY PRECEDING FISCAL YEAR WILL MAKE THE COUNTY'S REVENUES TO INCOME RATIO FOR THE FISCAL YEAR EQUAL THE COUNTY'S REVENUES TO INCOME RATIO FOR FISCAL YEAR 1999.

(3) FOR PURPOSES OF THIS SUBSECTION:

(I) THE COUNTY INCOME TAX REVENUES OF EACH COUNTY FOR EACH TAXABLE YEAR SHALL BE ADJUSTED TO REFLECT ANY CHANGE IN THE COUNTY INCOME TAX RATE FROM THE RATE APPLICABLE IN THE 1997 TAXABLE YEAR; AND

(II) THE COUNTY INCOME TAX REVENUES AND MARYLAND TAXABLE INCOME OF THE RESIDENTS OF EACH COUNTY FOR EACH TAXABLE YEAR SHALL BE DETERMINED BY THE COMPTROLLER AS OF OCTOBER 1 OF THE FISCAL YEAR FOR WHICH A DISTRIBUTION IS TO BE MADE UNDER THIS SECTION, BASED ON ALL INFORMATION AVAILABLE TO THE COMPTROLLER AS OF THAT DATE.

(4) THE DISTRIBUTIONS REQUIRED UNDER THIS SECTION SHALL BE MADE ON OR BEFORE DECEMBER 31 OF THE FISCAL YEAR FOR WHICH THE DISTRIBUTION IS MADE.

10-105.

(a) (1) [The] FOR SPOUSES FILING A JOINT RETURN OR FOR A SURVIVING SPOUSE OR HEAD OF HOUSEHOLD AS DEFINED UNDER § 2 OF THE INTERNAL REVENUE CODE, THE State income tax rate [for an individual] is:

[(1)] (I) 2% of Maryland taxable income of \$1 through \$1,000;

[(2)] (II) 3% of Maryland taxable income of \$1,001 through \$2,000;

[(3)] (III) 4% of Maryland taxable income of \$2,001 through [\$3,000] \$10,000;

[(IV) 5% OF MARYLAND TAXABLE INCOME OF \$10,001 THROUGH \$200,000;

[(V) 6% OF MARYLAND TAXABLE INCOME OF \$200,001 THROUGH \$350,000;

[(VI) 6.5% OF MARYLAND TAXABLE INCOME OF \$350,001 THROUGH \$500,000; and

[(4)] (VII) [5%] 7% of Maryland taxable income in excess of [\$3,000] \$500,000.

(2) FOR AN INDIVIDUAL OTHER THAN ONE DESCRIBED IN PARAGRAPH (1) OF THIS SUBSECTION, THE STATE INCOME TAX RATE IS:

(I) 2% OF MARYLAND TAXABLE INCOME OF \$1 THROUGH \$1,000;

(II) 3% OF MARYLAND TAXABLE INCOME OF \$1,001 THROUGH \$2,000;

(III) 4% OF MARYLAND TAXABLE INCOME OF \$2,001 THROUGH \$5,000;

(IV) 5% OF MARYLAND TAXABLE INCOME OF \$5,001 THROUGH \$100,000;

(V) 6% OF MARYLAND TAXABLE INCOME OF \$100,001 THROUGH \$200,000;

(VI) 6.5% OF MARYLAND TAXABLE INCOME OF \$200,001 THROUGH \$300,000; AND

(Over)

(VII) 7% OF MARYLAND TAXABLE INCOME IN EXCESS OF \$300,000.

(c) For a husband and wife filing a joint income tax return, the rates specified in subsection [(a)] (A)(1) of this section apply to the joint Maryland taxable income of the husband and wife.”.