
By: Delegates Gordon, Conroy, Love, and Healey

Introduced and read first time: January 27, 1997

Assigned to: Ways and Means

A BILL ENTITLED

1 AN ACT concerning

2 **Supplemental Income Tax on Corporations - Developmental Disabilities - Waiting List**
3 **Equity Fund**

4 FOR the purpose of imposing a supplemental tax on the Maryland taxable income of
5 corporations at a certain rate; requiring the Comptroller to distribute the revenue
6 from the supplemental tax to the Waiting List Equity Fund for services from the
7 Developmental Disabilities Administration in the Department of Health and
8 Mental Hygiene; providing that moneys distributed to the Fund from the
9 supplemental tax are supplemental and are not intended to take the place of
10 funding that would otherwise be appropriated to provide services for
11 developmentally disabled individuals; providing that the Fund may be used to
12 provide services to certain individuals eligible to receive services from the
13 Administration but not receiving services as of a certain date; allowing a
14 corporation to claim a credit against the supplemental tax for certain wages paid to
15 individuals eligible for services from the Developmental Disabilities Administration;
16 providing for the application of this Act; and generally relating to the imposition of
17 a supplemental income tax on corporations and the Waiting List Equity Fund for
18 services to developmentally disabled individuals.

19 BY repealing and reenacting, with amendments,
20 Article - Health - General
21 Section 7-206
22 Annotated Code of Maryland
23 (1994 Replacement Volume and 1996 Supplement)

24 BY repealing and reenacting, with amendments,
25 Article - Tax - General
26 Section 2-614, 10-101(j), 10-102, and 10-105(b)
27 Annotated Code of Maryland
28 (1988 Volume and 1996 Supplement)

29 BY adding to
30 Article - Tax - General
31 Section 10-708
32 Annotated Code of Maryland

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1 (1988 Volume and 1996 Supplement)

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

4 **Article - Health - General**

5 7-206.

6 (a) (1) There is a continuing, nonlapsing Waiting List Equity Fund in the
7 Department of Health and Mental Hygiene.

8 (2) The purpose of the Waiting List Equity Fund is to ensure that:

9 (i) When individuals leave State residential centers, the net average
10 cost of serving them in the State residential center, as defined in subsection (d)(2) of this
11 section, shall follow them to community-based services; and

12 (ii) Any funds remaining after the individuals leaving State residential
13 centers are served, are used to provide community-based services to individuals eligible
14 for, but not receiving AS OF JULY 1, 1997, the community-based services listed in
15 subsection (c) of this section.

16 (b) Subject to the appropriation process in the annual operating budget, the
17 Department shall use the Waiting List Equity Fund for:

18 (1) Providing community-based services to each individual who leaves a
19 State residential center on or after October 1, 1994; and

20 (2) Providing community-based services to individuals eligible for, but not
21 receiving, services from the Developmental Disabilities Administration, with the funds
22 remaining after each individual who leaves a State residential center on or after October
23 1, 1994 is served in the community.

24 (c) For individuals eligible for, but not receiving AS OF JULY 1, 1997, services from
25 the Developmental Disabilities Administration in the Department, the Waiting List
26 Equity Fund shall be used to provide:

27 (1) Individualized supported living arrangements services;

28 (2) Respite care;

29 (3) Individual and family support services;

30 (4) Supported employment; and

31 (5) Individualized community integration day services.

32 (d) (1) Subject to the appropriation process in the annual operating budget, the
33 Waiting List Equity Fund shall consist of funds which are equal to the cost of providing
34 services to an individual in a State residential center for each fiscal year, or part of a fiscal
35 year, that the individual is no longer served in a State residential center and is provided
36 community-based services as defined in paragraph (2) of this subsection.

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1 (2) In determining funding for the Waiting List Equity Fund, the cost of
2 providing services to an individual in a State residential center shall be calculated by:

3 (i) Dividing the State residential center's appropriation by the daily
4 average census reported in the State residential center's annual operating budget for the
5 last full fiscal year the individual was served in the State residential center prorated over
6 the number of months the individual is served in the community; and

7 (ii) Subtracting the following:

8 1. The average annual itemized expenses associated with
9 institutional services and administrative overhead costs that are demonstrated to be
10 directly attributable to serving individuals remaining in the State residential center;

11 2. The cost for new admissions certified in accordance with the
12 provisions of §§ 7-502 and 7-503 of this title;

13 3. The cost for respite care in accordance with § 7-509 of this
14 title;

15 4. The cost for court-ordered commitments; and

16 5. Reimbursable federal revenues under TEFRA attributable
17 to direct client costs.

18 (E) IN ADDITION TO FUNDING FOR THE WAITING LIST EQUITY FUND
19 PROVIDED IN ACCORDANCE WITH SUBSECTION (D) OF THIS SECTION, THE FUND
20 SHALL CONSIST OF MONEYS DISTRIBUTED TO THE FUND FROM THE SUPPLEMENTAL
21 INCOME TAX ON CORPORATIONS UNDER § 2-614(A) OF THE TAX - GENERAL
22 ARTICLE.

23 [(e)] (F) (1) (i) The Department shall adopt regulations for the management
24 and use of the money in the Fund.

25 (ii) The regulations shall authorize the use of money in the Fund to
26 provide services to individuals:

27 1. Who are in crisis and need emergency services; and

28 2. Who are not in crisis and do not need emergency services.

29 (2) The Waiting List Equity Fund may not be used to supplant funds
30 appropriated for:

31 (i) Emergency community placements; or

32 (ii) Transitioning students.

33 [(f)] (G) (1) On or before January 1 of each year the Secretary shall prepare a
34 report to be submitted to the General Assembly and the Department of Fiscal Services on
35 the Waiting List Equity Fund.

36 (2) The report shall include:

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1 (i) An accounting of all receipts and expenditures to and from the
2 Fund;

3 (ii) The number of individuals who left and entered State residential
4 centers during the previous year;

5 (iii) The number of additional persons who were on the waiting list for
6 developmental disabilities services during the previous year; and

7 (iv) An accounting of each of the factors used in determining the cost
8 of providing services to an individual in a State residential center in accordance with the
9 provisions of subsection (d)(2) of this section.

10 [(g)] (H) Any unspent portions in the Waiting List Equity Fund and any interest
11 earned on money in the Waiting List Equity Fund may not be transferred or revert to the
12 General Fund of the State, but shall remain in the Waiting List Equity Fund to be used
13 for the purposes specified in this section.

14 **Article - Tax - General**

15 2-614.

16 (A) (1) After making the distribution required under § 2-613 of this subtitle,
17 THE COMPTROLLER SHALL DISTRIBUTE THE REMAINING INCOME TAX REVENUE
18 FROM THE SUPPLEMENTAL TAX ON CORPORATIONS IMPOSED UNDER § 10-102(B) OF
19 THIS ARTICLE TO THE WAITING LIST EQUITY FUND ESTABLISHED UNDER § 7-206 OF
20 THE HEALTH - GENERAL ARTICLE.

21 (2) MONEYS DISTRIBUTED TO THE WAITING LIST EQUITY FUND FROM
22 THE SUPPLEMENTAL TAX ON CORPORATIONS ARE SUPPLEMENTAL AND ARE NOT
23 INTENDED TO TAKE THE PLACE OF FUNDING THAT WOULD OTHERWISE BE
24 APPROPRIATED TO PROVIDE SERVICES FOR DEVELOPMENTALLY DISABLED
25 INDIVIDUALS.

26 (B) AFTER MAKING THE DISTRIBUTIONS REQUIRED UNDER § 2-613 OF THIS
27 SUBTITLE AND SUBSECTION (A) OF THIS SECTION, from the remaining income tax
28 revenue from corporations, the Comptroller shall distribute 10.714286% to the
29 Transportation Trust Fund, to be held and distributed for any purpose allowed under
30 Title 8 of the Transportation Article.

31 10-101.

32 (j) (1) "State income tax" means the State tax on income imposed under this
33 title.

34 (2) "STATE INCOME TAX" INCLUDES THE SUPPLEMENTAL TAX ON
35 CORPORATIONS IMPOSED UNDER § 10-102(B) OF THIS SUBTITLE.

36 10-102.

37 (A) Except as provided in § 10-104 of this subtitle, a tax is imposed on the
38 Maryland taxable income of each individual and of each corporation.

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1 (B) EXCEPT AS PROVIDED IN § 10-104 OF THIS SUBTITLE, A SUPPLEMENTAL
2 TAX IS IMPOSED ON THE MARYLAND TAXABLE INCOME OF EACH CORPORATION IN
3 ADDITION TO THE TAX IMPOSED UNDER SUBSECTION (A) OF THIS SECTION.

4 10-105.

5 (b) [The State income tax rate for] FOR a corporation:

6 (1) THE RATE OF THE TAX IMPOSED UNDER § 10-102(A) OF THIS
7 SUBTITLE is 7% of Maryland taxable income; AND

8 (2) THE RATE OF THE SUPPLEMENTAL TAX IMPOSED UNDER § 10-102(B)
9 OF THIS SUBTITLE IS 0.25% OF MARYLAND TAXABLE INCOME.

10 10-708.

11 (A) IN THIS SECTION:

12 (1) "DEVELOPMENTALLY DISABLED INDIVIDUAL" MEANS AN
13 INDIVIDUAL WHO IS ELIGIBLE FOR SERVICES FROM THE DEVELOPMENTAL
14 DISABILITIES ADMINISTRATION IN THE DEPARTMENT OF HEALTH AND MENTAL
15 HYGIENE, WHETHER OR NOT THE INDIVIDUAL IS RECEIVING SERVICES FROM THE
16 DEVELOPMENTAL DISABILITIES ADMINISTRATION; AND

17 (2) "DEVELOPMENTALLY DISABLED INDIVIDUAL" INCLUDES AN
18 INDIVIDUAL WHO DOES NOT HAVE A DEVELOPMENTAL DISABILITY BUT IS ELIGIBLE
19 FOR INDIVIDUAL SUPPORT SERVICES FROM THE DEVELOPMENTAL DISABILITIES
20 ADMINISTRATION UNDER § 7-403(C) OF THE HEALTH - GENERAL ARTICLE.

21 (B) A CORPORATION MAY CLAIM A CREDIT AGAINST THE SUPPLEMENTAL
22 TAX IMPOSED UNDER § 10-102(B) OF THIS TITLE FOR A TAXABLE YEAR IN AN
23 AMOUNT EQUAL TO 50% OF THE WAGES PAID BY THE CORPORATION DURING THE
24 TAXABLE YEAR TO DEVELOPMENTALLY DISABLED INDIVIDUALS.

25 (C) THE CREDIT ALLOWED UNDER THIS SECTION MAY NOT EXCEED THE
26 STATE INCOME TAX FOR THE TAXABLE YEAR AND ANY UNUSED CREDIT MAY NOT
27 BE CARRIED OVER TO ANY OTHER TAXABLE YEAR.

28 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
29 July 1, 1997 and shall be applicable to all taxable years beginning after December 31,
30 1996.