
By: Delegates Muse, Beck, Bozman, and McKee

Introduced and read first time: February 24, 1997

Assigned to: Rules and Executive Nominations

A BILL ENTITLED

1 AN ACT concerning

2 **Income Tax Revenue Distribution - Municipalities**

3 FOR the purpose of reducing the amount of the income tax revenue from individuals that
4 is required to be distributed to a municipal corporation or special taxing district
5 under certain circumstances; providing for the application of this Act; and generally
6 relating to a reduction in the amount of the income tax revenue from individuals
7 that is required to be distributed to a municipal corporation or special taxing district
8 under certain circumstances.

9 BY repealing and reenacting, with amendments,

10 Article - Tax - General

11 Section 2-607

12 Annotated Code of Maryland

13 (1988 Volume and 1996 Supplement)

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

16 **Article - Tax - General**

17 2-607.

18 (a) After making the distributions required under §§ 2-604 through 2-606 of this
19 subtitle, SUBJECT TO SUBSECTION (B) OF THIS SECTION, from the remaining income tax
20 revenue from individuals, the Comptroller shall distribute to each special taxing district
21 that received an income tax revenue distribution in fiscal year 1977 and to each municipal
22 corporation an amount that, based on the certification of the Comptroller as to State
23 income tax liability and county income tax liability of the residents of the district or
24 municipal corporation, equals the greater of:

25 (1) 8.5% of the State income tax liability of those residents;

26 (2) 17% of the county income tax liability of those residents; or

27 (3) 0.37% of the Maryland taxable income of those residents.

28 (B) FOR ANY TAXABLE YEAR, THE AMOUNT OTHERWISE REQUIRED TO BE
29 DISTRIBUTED TO A MUNICIPAL CORPORATION OR SPECIAL TAXING DISTRICT
30 UNDER SUBSECTION (A) OF THIS SECTION SHALL BE REDUCED:

2

1 (1) BY TWO-THIRDS UNLESS THE MUNICIPAL CORPORATION OR
2 SPECIAL TAXING DISTRICT, DURING THE TAXABLE YEAR:

3 (I) PROVIDES FULL-TIME POLICE PROTECTION WITH AT LEAST
4 FIVE OFFICERS; OR

5 (II) EXERCISES PLANNING AND ZONING POWERS; OR

6 (2) BY ONE-THIRD IF THE MUNICIPAL CORPORATION OR SPECIAL
7 TAXING DISTRICT, DURING THE TAXABLE YEAR, EITHER PROVIDES FULL-TIME
8 POLICE PROTECTION WITH AT LEAST FIVE OFFICERS OR EXERCISES PLANNING AND
9 ZONING POWERS BUT DOES NOT DO BOTH.

10 (C) A REDUCTION REQUIRED UNDER SUBSECTION (B) OF THIS SECTION
11 SHALL REMAIN IN EFFECT NOTWITHSTANDING CHANGES IN SERVICE ASSUMED BY
12 A MUNICIPAL CORPORATION OR SPECIAL TAXING DISTRICT UNTIL THE CHANGE IS
13 SHOWN TO BE WARRANTED AND THE COUNTY WHERE THE MUNICIPAL
14 CORPORATION OR SPECIAL TAXING DISTRICT IS LOCATED APPROVES A CHANGE IN
15 DISTRIBUTION.

16 [(b)] (D) The Comptroller shall adjust the amount distributed under subsection
17 (a) of this section to a municipal corporation or special taxing district to allow for a
18 proportionate part of refund and interest payments for a prior calendar year made after
19 a distribution is made to the municipal corporation or district for that year.

20 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
21 October 1, 1997 and shall be applicable to distributions for all taxable years beginning
22 after December 31, 1997.