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**By: Senators Pinsky, Teitelbaum, and Trotter**

Introduced and read first time: January 31, 1997

Assigned to: Budget and Taxation

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A BILL ENTITLED

1 AN ACT concerning

2 **Individual Income Tax - Rates**

3 FOR the purpose of altering the rates and rate brackets under the Maryland income tax  
4 on individuals; providing for a certain State grant to certain counties under certain  
5 circumstances; providing for the application of this Act; and generally relating to  
6 the alteration of rates and rate brackets under the Maryland income tax on  
7 individuals.

8 BY adding to

9 Article - Tax - General  
10 Section 2-608(c)  
11 Annotated Code of Maryland  
12 (1988 Volume and 1996 Supplement)

13 BY repealing and reenacting, with amendments,

14 Article - Tax - General  
15 Section 10-105(a) and (c)  
16 Annotated Code of Maryland  
17 (1988 Volume and 1996 Supplement)

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

20 **Article - Tax - General**

21 2-608.

22 (C) (1) IN THIS SUBSECTION, "REVENUES TO INCOME RATIO" MEANS, FOR  
23 ANY FISCAL YEAR, THE RATIO OF COUNTY INCOME TAX REVENUES FOR A COUNTY  
24 TO THE MARYLAND TAXABLE INCOME OF RESIDENTS OF THE COUNTY FOR THE  
25 TAXABLE YEAR THAT ENDED IN THE IMMEDIATELY PRECEDING FISCAL YEAR.

26 (2) FOR FISCAL YEAR 2000 AND EACH SUBSEQUENT FISCAL YEAR, IF A  
27 COUNTY'S REVENUES TO INCOME RATIO IS LESS THAN THE COUNTY'S REVENUES TO  
28 INCOME RATIO FOR FISCAL YEAR 1999, THE STATE SHALL DISTRIBUTE TO THE  
29 COUNTY AN AMOUNT THAT WHEN ADDED TO THE COUNTY INCOME TAX REVENUES  
30 FOR THE COUNTY FOR THE TAXABLE YEAR THAT ENDED IN THE IMMEDIATELY

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1 PRECEDING FISCAL YEAR WILL MAKE THE COUNTY'S REVENUES TO INCOME RATIO  
2 FOR THE FISCAL YEAR EQUAL THE COUNTY'S REVENUES TO INCOME RATIO FOR  
3 FISCAL YEAR 1999.

4 (3) FOR PURPOSES OF THIS SUBSECTION:

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

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

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

17 10-105.

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

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

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

23 [(3)] (III) 4% of Maryland taxable income of \$2,001 through [\$3,000 ]  
24 \$10,000;

25 (IV) 5% OF MARYLAND TAXABLE INCOME OF \$10,001 THROUGH  
26 \$200,000;

27 (V) 6% OF MARYLAND TAXABLE INCOME OF \$200,001 THROUGH  
28 \$350,000;

29 (VI) 6.5% OF MARYLAND TAXABLE INCOME OF \$350,001 THROUGH  
30 \$500,000; and

31 [(4)] (VII) [5%] 7% of Maryland taxable income in excess of [\$3,000 ]  
32 \$500,000.

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

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

36 (II) 3% OF MARYLAND TAXABLE INCOME OF \$1,001 THROUGH  
37 \$2,000;

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

3 (IV) 5% OF MARYLAND TAXABLE INCOME OF \$5,001 THROUGH  
4 \$100,000;

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

7 (VI) 6.5% OF MARYLAND TAXABLE INCOME OF \$200,001 THROUGH  
8 \$300,000; AND

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

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

13 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect  
14 July 1, 1997 and shall be applicable to all taxable years beginning after December 31,  
15 1997.