

**SENATE BILL 487**  
**EMERGENCY BILL**

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Q3

1998 Regular Session  
8lr2096

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By: **Senators Neall and Middlebrooks**  
Introduced and read first time: February 6, 1998  
Assigned to: Budget and Taxation

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A BILL ENTITLED

1 AN ACT concerning

2 **County Income Tax**

3 FOR the purpose of altering the increments by which a county may increase or  
4 decrease the county income tax rate; authorizing a county to elect to be excluded  
5 from certain modifications to the State income tax for purposes of determining  
6 the county income tax; authorizing a county to decrease its county income tax  
7 rate or make a certain election for a certain taxable year notwithstanding  
8 certain notice requirements; providing for the application of this Act; making  
9 this Act an emergency measure; and generally relating to the county income tax.

10 BY repealing and reenacting, with amendments,  
11 Article - Tax - General  
12 Section 10-103(a), 10-106, 10-604, and 10-706(c)(2)(ii)  
13 Annotated Code of Maryland  
14 (1997 Replacement Volume)

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

17 **Article - Tax - General**

18 10-103.

19 (a) Each county shall have a county income tax measured by the State income  
20 tax, modified as provided under [§ 10-106(d)] § 10-106(C) of this subtitle, of:

21 (1) each resident, other than a fiduciary, who on the last day of the  
22 taxable year:

23 (i) is domiciled in the county; or

24 (ii) maintains a principal residence or a place of abode in the  
25 county;

1 (2) each personal representative of an estate if the decedent was  
2 domiciled in the county on the date of the decedent's death;

3 (3) each resident fiduciary of:

4 (i) a trust that is principally administered in the county; or

5 (ii) a trust that is otherwise principally connected to the county and  
6 is not principally administered in the State; and

7 (4) except as provided in § 10-806(c) of this title, a nonresident who  
8 derives income from salary, wages, or other compensation for personal services for  
9 employment in the county.

10 10-106.

11 (a) (1) Each county shall set, by ordinance or resolution, a county income tax  
12 equal to at least 20% but not more than 60%, to be applied to the State income tax for  
13 an individual, modified as provided under subsection (d) of this section.

14 (2) A county income tax rate continues until the county changes the rate  
15 by ordinance or resolution.

16 (3) (i) A county may not increase its county income tax rate above 50%  
17 until after the county has held a public hearing on the proposed act, ordinance, or  
18 resolution to increase the rate.

19 (ii) The county shall publish at least once each week for 2  
20 successive weeks in a newspaper of general circulation in the county:

21 1. notice of the public hearing; and

22 2. a fair summary of the proposed act, ordinance, or  
23 resolution to increase the county income tax rate above 50%.

24 (4) Notwithstanding paragraph (1) or (2) of this subsection, in Howard  
25 County, the county income tax rate may be changed only by ordinance and not by  
26 resolution.

27 (b) [Except as provided in subsection (c) of this section, if] IF a county changes  
28 its county income tax rate, the county shall:

29 (1) increase or decrease the rate in increments of 2 PERCENTAGE POINTS  
30 OR 5 percentage points, effective on January 1 of the year that the county designates;  
31 and

32 (2) give the Comptroller notice of the rate change and the effective date  
33 of the rate change on or before July 1 prior to its effective date.

1 [(c) A county income tax rate in excess of 50% at the option of the county may  
2 be a multiple of 2 percentage points above 50% instead of a multiple of 5 percentage  
3 points above 50%.]

4 [(d)] (C) (1) [For] EXCEPT AS PROVIDED IN PARAGRAPH (2) OF THIS  
5 SUBSECTION, FOR purposes of determining the county income tax, the State income  
6 tax shall be calculated by:

7 [(1)] (I) using a State tax rate of 5% for Maryland taxable income in  
8 excess of \$3,000 instead of the marginal State tax rate for individuals specified under  
9 § 10-105(a)(4) of this subtitle;

10 [(2)] (II) allowing a maximum of \$1,200 instead of the maximum amount  
11 specified under § 10-207(r) of this title for the subtraction modification for  
12 two-income married couples; and

13 [(3)] (III) allowing \$1,200 instead of the amount specified in § 10-211(1)  
14 or (2) of this title for each exemption allowed under § 10-211(1) and (2) of this title.

15 (2) (I) A COUNTY MAY ELECT, BY ORDINANCE OR RESOLUTION, TO BE  
16 EXCLUDED FROM THE PROVISIONS OF PARAGRAPH (1) OF THIS SUBSECTION.

17 (II) IF A COUNTY ELECTS TO BE EXCLUDED FROM THE PROVISIONS  
18 OF PARAGRAPH (1) OF THIS SUBSECTION, FOR PURPOSES OF DETERMINING THE  
19 COUNTY INCOME TAX UNDER THIS TITLE, THE STATE INCOME TAX SHALL BE  
20 CALCULATED WITHOUT THE MODIFICATION PROVIDED UNDER PARAGRAPH (1) OF  
21 THIS SUBSECTION.

22 (III) A COUNTY ELECTION TO BE EXCLUDED FROM THE PROVISIONS  
23 OF PARAGRAPH (1) OF THIS SUBSECTION REMAINS IN EFFECT UNTIL THE COUNTY  
24 CHANGES THE ELECTION BY ORDINANCE OR RESOLUTION.

25 (IV) IF A COUNTY MAKES OR CHANGES AN ELECTION UNDER THIS  
26 PARAGRAPH:

27 1. THE ELECTION OR CHANGE SHALL TAKE EFFECT ON  
28 JANUARY 1 OF THE YEAR THAT THE COUNTY DESIGNATES; AND

29 2. THE COUNTY SHALL GIVE THE COMPTROLLER NOTICE OF  
30 THE ELECTION OR CHANGE ON OR BEFORE JULY 1 PRIOR TO ITS EFFECTIVE DATE.

31 10-604.

32 Except as otherwise provided in this subtitle, an individual shall compute the  
33 county income tax by applying the county tax rate to the State income tax computed  
34 under § 10-601 or § 10-602 of this subtitle, determined as provided under [§  
35 10-106(d)] § 10-106(C) of this subtitle and modified by the credits allowed under  
36 Subtitle 7 of this title against the county income tax.

1 10-706.

2 (c) (2) (ii) For purposes of determining the county income tax, the credit  
3 under § 10-704 of this subtitle shall be calculated using the State income tax as  
4 modified under [§ 10-106(d)] § 10-106(C) of this title.

5 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall be  
6 applicable to all taxable years beginning after December 31, 1997.

7 SECTION 3. AND BE IT FURTHER ENACTED, That:

8 (a) Notwithstanding the notice provisions of § 10-106(b)(2) and (c)(2)(iv)2 of  
9 the Tax - General Article but subject to § 10-106(a)(4) of the Tax - General Article,  
10 for individual income taxes payable for calendar year 1998 only, a county may:

11 (1) Decrease its county income tax rate in increments of 2 percentage  
12 points or 5 percentage points; or

13 (2) Elect, by ordinance or resolution, to be excluded from the provisions  
14 of § 10-106(c)(1) of the Tax - General Article.

15 (b) A county income tax rate decrease or election under subsection (a) of this  
16 section may not take effect unless the county notifies the Comptroller of the rate  
17 decrease or election on or before June 1, 1998.

18 (c) The Comptroller is not required to issue new withholding tables for the  
19 1998 calendar year reflecting any rate decrease or election for calendar year 1998  
20 under this section.

21 SECTION 4. AND BE IT FURTHER ENACTED, That this Act is an emergency  
22 measure, is necessary for the immediate preservation of the public health and safety,  
23 has been passed by a ye and nay vote supported by three-fifths of all the members  
24 elected to each of the two Houses of the General Assembly, and shall take effect from  
25 the date it is enacted.