

SENATE BILL 487
EMERGENCY BILL

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Q3

1998 Regular Session
8r2096

By: ~~Senators Neall and Middlebrooks, Middlebrooks, Hoffman, Boozer,~~
Currie, Fry, Lawlah, McFadden, Middleton, and Munson

Introduced and read first time: February 6, 1998

Assigned to: Budget and Taxation

Committee Report: Favorable with amendments

Senate action: Adopted

Read second time: March 10, 1998

CHAPTER _____

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:

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

3 (i) is domiciled in the county; or

4 (ii) maintains a principal residence or a place of abode in the
5 county;

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

8 (3) each resident fiduciary of:

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

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

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

15 10-106.

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

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

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

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

26 1. notice of the public hearing; and

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

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

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

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

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

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

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

12 ~~{(1)}~~ ~~(1)~~ using a State tax rate of 5% for Maryland taxable income in
 13 excess of \$3,000 instead of the marginal State tax rate for individuals specified under
 14 § 10-105(a)(4) of this subtitle;

15 ~~{(2)}~~ ~~(2)~~ allowing a maximum of \$1,200 instead of the maximum amount
 16 specified under § 10-207(r) of this title for the subtraction modification for
 17 two-income married couples; and

18 ~~{(3)}~~ ~~(3)~~ allowing \$1,200 instead of the amount specified in § 10-211(1)
 19 or (2) of this title for each exemption allowed under § 10-211(1) and (2) of this title.

20 ~~(2)~~ ~~(1)~~ ~~A COUNTY MAY ELECT, BY ORDINANCE OR RESOLUTION, TO BE~~
 21 ~~EXCLUDED FROM THE PROVISIONS OF PARAGRAPH (1) OF THIS SUBSECTION.~~

22 ~~(II)~~ ~~IF A COUNTY ELECTS TO BE EXCLUDED FROM THE PROVISIONS~~
 23 ~~OF PARAGRAPH (1) OF THIS SUBSECTION, FOR PURPOSES OF DETERMINING THE~~
 24 ~~COUNTY INCOME TAX UNDER THIS TITLE, THE STATE INCOME TAX SHALL BE~~
 25 ~~CALCULATED WITHOUT THE MODIFICATION PROVIDED UNDER PARAGRAPH (1) OF~~
 26 ~~THIS SUBSECTION.~~

27 ~~(III)~~ ~~A COUNTY ELECTION TO BE EXCLUDED FROM THE PROVISIONS~~
 28 ~~OF PARAGRAPH (1) OF THIS SUBSECTION REMAINS IN EFFECT UNTIL THE COUNTY~~
 29 ~~CHANGES THE ELECTION BY ORDINANCE OR RESOLUTION.~~

30 ~~(IV)~~ ~~IF A COUNTY MAKES OR CHANGES AN ELECTION UNDER THIS~~
 31 ~~PARAGRAPH:~~

32 ~~1. THE ELECTION OR CHANGE SHALL TAKE EFFECT ON~~
 33 ~~JANUARY 1 OF THE YEAR THAT THE COUNTY DESIGNATES; AND~~

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

1 10-604.

2 Except as otherwise provided in this subtitle, an individual shall compute the
3 county income tax by applying the county tax rate to the State income tax computed
4 under § 10-601 or § 10-602 of this subtitle, determined as provided under [§
5 10-106(d)] § 10-106(C) of this subtitle and modified by the credits allowed under
6 Subtitle 7 of this title against the county income tax.

7 10-706.

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

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

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

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

17 ~~(1)~~ ~~Decrease~~ decrease its county income tax rate in increments of 2
18 percentage points or 5 percentage points; ~~or~~

19 ~~(2)~~ ~~Elect, by ordinance or resolution, to be excluded from the provisions~~
20 ~~of § 10-106(e)(1) of the Tax - General Article.~~

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

24 (c) The Comptroller is not required to issue new withholding tables for the
25 1998 calendar year reflecting any rate decrease ~~or election~~ for calendar year 1998
26 under this section.

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

