Unofficial Copy Q3 1999 Regular Session 9lr2440

By: Delegates Hixson, Healey, C. Davis, Howard, Bozman, Shriver, and Hurson

Introduced and read first time: February 26, 1999 Assigned to: Rules and Executive Nominations

\_\_\_\_\_

### A BILL ENTITLED

4	4 % T	1 000	•
1	AN	ACT	concerning

2	County Income Tax
3	FOR the purpose of altering the calculation of the county income tax; altering the
4	calculation of a certain required distribution of income tax revenues to certain
5	special taxing districts and municipal corporations; altering the increments by
6	which a county may change the county income tax rate; altering the amount
7	that an individual may deduct for certain exemptions to determine Maryland
8	taxable income; altering the maximum amount of a certain subtraction
9	modification for two-income married couples filing joint returns; allowing an
10	individual a credit against the State income tax in certain amounts for certain
11	exemptions allowed; allowing an individual a credit against the county income
12	
13	Act an emergency measure; and generally relating to the county income tax.
14	BY repealing and reenacting, with amendments,
15	Article - Tax - General
16	Section 2-607, 10-103(a), 10-106, 10-207(r), 10-211, 10-604, 10-704, 10-706,
17	10-709, and 10-908(e)
18	Annotated Code of Maryland
19	(1997 Replacement Volume and 1998 Supplement)
20	BY adding to
21	Article - Tax - General
22	Section 10-712
23	Annotated Code of Maryland
24	(1997 Replacement Volume and 1998 Supplement)
25	SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF

26 MARYLAND, That the Laws of Maryland read as follows:

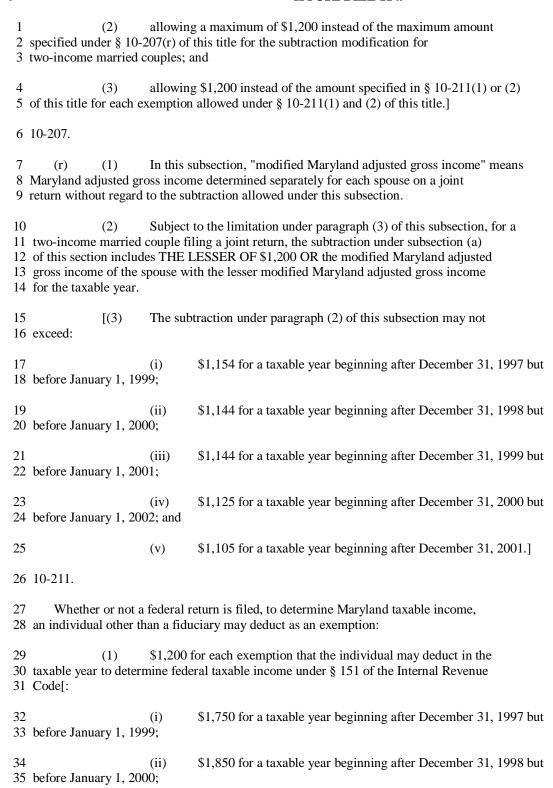
35

(3)

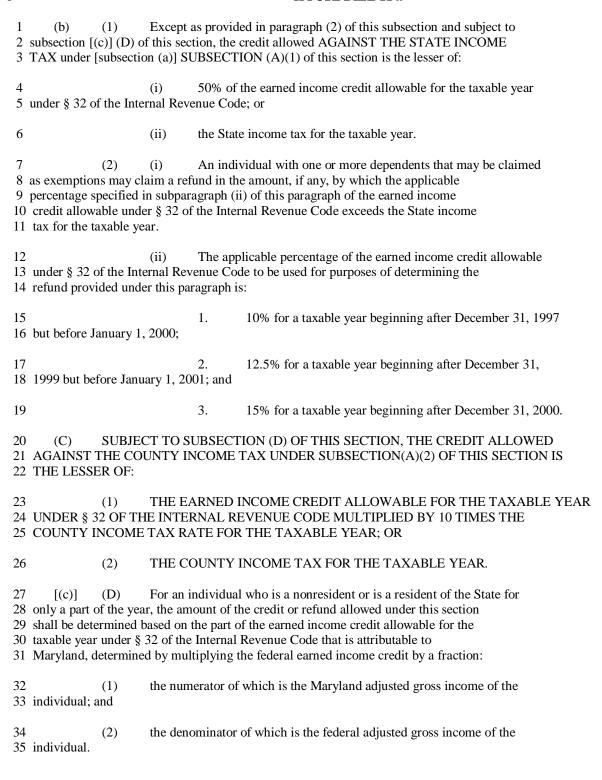
each resident fiduciary of:

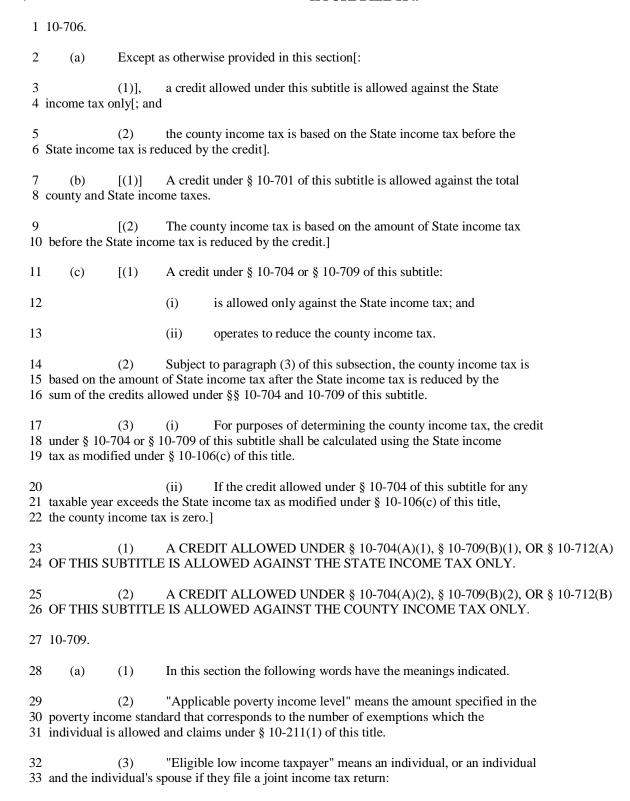
### 1 Article - Tax - General 2 2-607. 3 (a) After making the distributions required under §§ 2-604 through 2-606 of 4 this subtitle, from the remaining income tax revenue from individuals, the 5 Comptroller shall distribute to each special taxing district that received an income 6 tax revenue distribution in Fiscal Year 1977 and to each municipal corporation an 7 amount that, based on the certification of the Comptroller as to State income tax 8 liability and county income tax liability of the residents of the district or municipal 9 corporation, equals the greater of: 10 (1) subject to subsection (b) of this section, 17% of the county income tax 11 liability of those residents; or (2) 0.37% of the Maryland taxable income of those residents, 13 determined as provided under § 10-106(c) of this article]. 14 If the county income tax rate for a county is less than [50%] 2.5%, the 15 amount determined under subsection (a)(1) of this section shall be multiplied by a 16 fraction: 17 the numerator of which is [50%] 2.5%; and (1) 18 (2) the denominator of which is the county income tax rate for the 19 county. 20 The Comptroller shall adjust the amount distributed under subsection (a) (c) 21 of this section to a municipal corporation or special taxing district to allow for a 22 proportionate part of refund and interest payments for a prior calendar year made 23 after a distribution is made to the municipal corporation or district for that year. 24 10-103. Each county shall have a county income tax [measured by the State 25 26 income tax, modified as provided under § 10-106(c) of this subtitle,] ON THE 27 MARYLAND TAXABLE INCOME of: 28 each resident, other than a fiduciary, who on the last day of the (1) 29 taxable year: 30 (i) is domiciled in the county; or 31 (ii) maintains a principal residence or a place of abode in the 32 county; each personal representative of an estate if the decedent was 33 (2) 34 domiciled in the county on the date of the decedent's death;

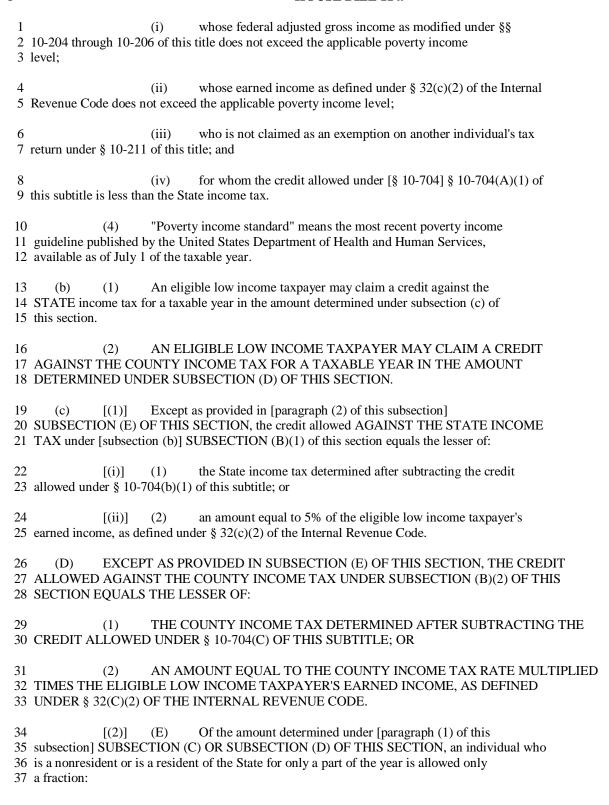
1		(i)	a trust that is principally administered in the county; or				
2 3	is not principally adm	(ii) inistered	a trust that is otherwise principally connected to the county and in the State; and				
	(4) derives income from s employment in the con	salary, wa	s provided in § 10-806(c) of this title, a nonresident who ages, or other compensation for personal services for				
7	10-106.						
10	(a) (1) Each county shall set, by ordinance or resolution, a county income tax equal to at least [20%] 1% but not more than [60%, to be applied to the State income tax for an individual, modified as provided under subsection (d) of this section] 3% OF MARYLAND TAXABLE INCOME.						
12 13	(2) by ordinance or resol		y income tax rate continues until the county changes the rate				
	(-)		A county may not increase its county income tax rate above nty has held a public hearing on the proposed act, rease the rate.				
17 18		(ii) newspap	The county shall publish at least once each week for 2 per of general circulation in the county:				
19			1. notice of the public hearing; and				
20 21		the coun	2. a fair summary of the proposed act, ordinance, or ty income tax rate above [50%] 2.5%.				
	2 (4) Notwithstanding paragraph (1) or (2) of this subsection, in Howard 3 County, the county income tax rate may be changed only by ordinance and not by 4 resolution.						
25	(b) If a cour	nty chang	es its county income tax rate, the county shall:				
	(1) increase or decrease the rate in increments of [2 percentage points or 5 percentage points] ONE-TWENTIETH OF A PERCENTAGE POINT, effective on 3 January 1 of the year that the county designates; and						
29 30	` /		Comptroller notice of the rate change and the effective date July 1 prior to its effective date.				
31 32	[(c) For purposes of determining the county income tax, the State income tax shall be calculated by:						
	, ,	marginal	State tax rate of 5% for Maryland taxable income in excess of State tax rate for individuals specified under §				



1 (iii) \$1,850 for a taxable year beginning after December 31, 1999 but 2 before January 1, 2001;							
3 (iv) \$2,100 for a taxable year beginning after December 31, 2000 but 4 before January 1, 2002; and							
5 (v) \$2,400 for a taxable year beginning after December 31, 2001];							
6 (2) AN ADDITIONAL \$1,200 for each dependent, as defined in § 152 of the 7 Internal Revenue Code, who is at least 65 years old on the last day of the taxable year 8 [, an additional:							
9 (i) \$1,750 for a taxable year beginning after December 31, 1997 but 10 before January 1, 1999;							
11 (ii) \$1,850 for a taxable year beginning after December 31, 1998 but 12 before January 1, 2000;							
13 (iii) \$1,850 for a taxable year beginning after December 31, 1999 but 14 before January 1, 2001;							
15 (iv) \$2,100 for a taxable year beginning after December 31, 2000 but 16 before January 1, 2002; and							
(v) \$2,400 for a taxable year beginning after December 31, 2001];							
18 (3) an additional \$1,000 if the individual, on the last day of the taxable 19 year, is at least 65 years old; and							
20 (4) an additional \$1,000 if the individual, on the last day of the taxable 21 year, is a blind individual, as described in § 10-208(c) of this subtitle.							
22 10-604.							
Except as otherwise provided in this subtitle, an individual shall compute the county income tax by applying the county tax rate [to the State income tax computed under § 10-601 or § 10-602 of this subtitle, determined as provided under § 10-106(c) of this subtitle and modified by the credits allowed under Subtitle 7 of this title against the county income tax] IN § 10-106 OF THIS TITLE TO MARYLAND TAXABLE INCOME.							
29 10-704.							
30 (a) (1) An individual may claim a credit against the STATE income tax for a 31 taxable year in the amount determined under subsection (b) of this section for earned 32 income.							
33 (2) AN INDIVIDUAL MAY CLAIM A CREDIT AGAINST THE COUNTY 34 INCOME TAX FOR A TAXABLE YEAR IN THE AMOUNT DETERMINED UNDER 35 SUBSECTION (C) OF THIS SECTION FOR EARNED INCOME.							







1 2	adjusted gross income	[(i)] e; and	(1)	the numerator of which is the individual's Maryland		
3	adjusted gross income	[(ii)] e.	(2)	the denominator of which is the individual's federal		
5	10-712.					
6 7	(A) (1) TAX FOR A TAXAE			L MAY CLAIM A CREDIT AGAINST THE STATE INCOME AMOUNT EQUAL TO THE LESSER OF:		
8		(I)	THE ST	ATE INCOME TAX FOR THE TAXABLE YEAR; OR		
9 10	ALLOWED FOR TH	(II) IE TAX <i>A</i>		CODUCT OF MULTIPLYING THE NUMBER OF EXEMPTIONS EAR UNDER § 10-211(1) AND (2) OF THIS TITLE TIMES:		
11 12	DECEMBER 31, 199	98 BUT E	1. BEFORE	\$31.50 FOR A TAXABLE YEAR BEGINNING AFTER JANUARY 1, 2001;		
13 14	DECEMBER 31, 200	00 BUT E	2. BEFORE	\$43.20 FOR A TAXABLE YEAR BEGINNING AFTER JANUARY 1, 2002; AND		
15 16	31, 2001.		3.	\$57 FOR A TAXABLE YEAR BEGINNING AFTER DECEMBER		
		INDIVID	UAL W	NT DETERMINED UNDER PARAGRAPH (1) OF THIS HO IS A NONRESIDENT OR IS A RESIDENT OF THE E YEAR IS ALLOWED ONLY A FRACTION:		
20 21	ADJUSTED GROSS	(I) INCOM		JMERATOR OF WHICH IS THE INDIVIDUAL'S MARYLAND		
22 23	ADJUSTED GROSS	(II) INCOM		ENOMINATOR OF WHICH IS THE INDIVIDUAL'S FEDERAL		
24 25	` '			CLAIM A CREDIT AGAINST THE COUNTY INCOME TAX OUNT EQUAL TO THE LESSER OF:		
26	(1)	THE CO	OUNTY I	NCOME TAX FOR THE TAXABLE YEAR; AND		
27 28	(2) TAX RATE FOR TH			OF MULTIPLYING \$1,200 TIMES THE COUNTY INCOME EAR.		
29	10-908.					
30 31	30 (e) The Board of Trustees of the State Retirement and Pension System shall 31 withhold from a payment of a death benefit to a resident payee the sum of:					
32 33	(1) 10-105(a) of this title			State income tax rate for individuals under § yment; and		

- 1 (2) the county income tax rate applied to [5% of] the payment.
- 2 SECTION 2. AND BE IT FURTHER ENACTED, That, notwithstanding any
- 3 other provision of law, the county income tax rate in each county for calendar year
- 4 1999, including Baltimore City, shall be 5% multiplied times the county income tax
- 5 rate of at least 20% but not more than 60% as set by the county in accordance with §
- 6 10-106 of the Tax General Article in effect for calendar year 1999 before the
- 7 effective date of this Act.
- 8 SECTION 3. AND BE IT FURTHER ENACTED, That this Act shall be
- 9 applicable to all taxable years beginning after December 31, 1998.
- SECTION 4. AND BE IT FURTHER ENACTED, That this Act is an emergency
- 11 measure, is necessary for the immediate preservation of the public health and safety,
- 12 has been passed by a yea and nay vote supported by three-fifths of all the members
- 13 elected to each of the two Houses of the General Assembly, and shall take effect from
- 14 the date it is enacted.