
By: **Delegate Flanagan**

Rules suspended

Introduced and read first time: March 17, 2000

Assigned to: Rules and Executive Nominations

A BILL ENTITLED

1 AN ACT concerning

2 **General Fund Surplus - Return to Taxpayers**

3 FOR the purpose of requiring the Governor to report to the General Assembly and the
4 Comptroller on or before a certain date each year as to certain actual revenues,
5 expenditures, and fund balances for the preceding fiscal year; requiring a
6 general fund surplus, as defined, to be returned to individual income taxpayers
7 in a certain manner under certain circumstances; requiring the Comptroller to
8 determine a certain applicable percentage to be used to calculate a credit to be
9 allowed to individual income taxpayers for certain taxable years; allowing a
10 credit against the individual State income tax for certain taxable years in an
11 amount equal to a certain applicable percentage of the individual's State income
12 tax liability for the preceding taxable year, subject to certain limitations;
13 defining a certain term; providing for the application of this Act; and generally
14 relating to a State income tax credit for individuals for certain taxable years to
15 return a general fund surplus to taxpayers under certain circumstances.

16 BY adding to
17 Article - Tax - General
18 Section 10-718
19 Annotated Code of Maryland
20 (1997 Replacement Volume and 1999 Supplement)

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

23 **Article - Tax - General**

24 10-718.

25 (A) IN THIS SECTION, "GENERAL FUND SURPLUS" MEANS, AS TO ANY FISCAL
26 YEAR, THE SUM OF:

1 (1) THE EXCESS, IF ANY, OF TOTAL GENERAL FUND REVENUES
2 RECEIVED FOR THE FISCAL YEAR OVER THE TOTAL GENERAL FUND EXPENDITURES
3 FOR THE FISCAL YEAR; AND

4 (2) THE AMOUNT, IF ANY, BY WHICH THE BALANCE IN THE REVENUE
5 STABILIZATION FUND ESTABLISHED UNDER § 7-311 OF THE STATE FINANCE AND
6 PROCUREMENT ARTICLE AS OF JUNE 30 OF THE FISCAL YEAR EXCEEDS 6.25% OF THE
7 TOTAL GENERAL FUND REVENUES RECEIVED FOR THE FISCAL YEAR.

8 (B) ON OR BEFORE SEPTEMBER 1 OF EACH YEAR, THE GOVERNOR SHALL
9 REPORT TO THE GENERAL ASSEMBLY AND THE COMPTROLLER AS TO:

10 (1) THE ACTUAL TOTAL GENERAL FUND REVENUES AND TOTAL
11 GENERAL FUND EXPENDITURES FOR THE PRECEDING FISCAL YEAR;

12 (2) THE BALANCE IN THE REVENUE STABILIZATION FUND ESTABLISHED
13 UNDER § 7-311 OF THE STATE FINANCE AND PROCUREMENT ARTICLE AS OF JUNE 30
14 OF THE PRECEDING FISCAL YEAR; AND

15 (3) THE AMOUNT, IF ANY, OF THE GENERAL FUND SURPLUS FOR THE
16 PRECEDING FISCAL YEAR.

17 (C) FOR ANY CALENDAR YEAR, IF THE GOVERNOR REPORTS THAT THERE WAS
18 A GENERAL FUND SURPLUS FOR THE FISCAL YEAR THAT ENDED DURING THE
19 CALENDAR YEAR, THE GENERAL FUND SURPLUS SHALL BE RETURNED TO
20 TAXPAYERS AS PROVIDED IN THIS SECTION.

21 (D) FOR ANY CALENDAR YEAR FOR WHICH A GENERAL FUND SURPLUS IS
22 REQUIRED TO BE RETURNED TO TAXPAYERS UNDER THIS SECTION:

23 (1) THE COMPTROLLER SHALL DETERMINE THE APPLICABLE
24 PERCENTAGE THAT, WHEN APPLIED TO THE STATE INCOME TAX LIABILITY OF ALL
25 INDIVIDUAL INCOME TAXPAYERS FOR THE PRECEDING TAXABLE YEAR, BASED ON
26 RETURNS FILED AS OF OCTOBER 1 OF THE CURRENT YEAR, WILL EQUAL THE
27 AMOUNT OF THE GENERAL FUND SURPLUS FOR THE PRECEDING FISCAL YEAR; AND

28 (2) FOR A TAXABLE YEAR THAT BEGINS IN THAT CALENDAR YEAR, AN
29 INDIVIDUAL MAY CLAIM A CREDIT AGAINST THE STATE INCOME TAX IN AN AMOUNT
30 EQUAL TO THE APPLICABLE PERCENTAGE, AS DETERMINED BY THE COMPTROLLER
31 UNDER THIS SUBSECTION, OF THE INDIVIDUAL'S STATE INCOME TAX LIABILITY FOR
32 THE PRECEDING TAXABLE YEAR.

33 (E) (1) THE CREDIT ALLOWED UNDER THIS SECTION MAY NOT EXCEED THE
34 STATE INCOME TAX IMPOSED ON AN INDIVIDUAL FOR THE CURRENT TAXABLE YEAR,
35 DETERMINED BEFORE THE APPLICATION OF THE CREDITS ALLOWED UNDER THIS
36 SECTION AND §§ 10-701 AND 10-701.1 OF THIS SUBTITLE BUT AFTER THE
37 APPLICATION OF ANY OTHER CREDIT ALLOWED UNDER THIS SECTION.

38 (2) ANY UNUSED AMOUNT OF THE CREDIT FOR ANY TAXABLE YEAR MAY
39 NOT BE CARRIED OVER TO ANY OTHER TAXABLE YEAR.

1 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
2 October 1, 2000 and shall be applicable to all taxable years beginning after December
3 31, 2000.