

HOUSE BILL 56

Q3, R2

8lr4595

By: **Delegate Mizeur**

Introduced and read first time: October 30, 2007

Assigned to: Ways and Means

A BILL ENTITLED

1 AN ACT concerning

2 **Corporate Income Tax Rate – Mass Transit Funding**

3 FOR the purpose of altering the distribution of corporate income tax revenue; creating
4 a Mass Transit Account within the Transportation Trust Fund; providing for
5 the distribution of certain corporate income tax revenue to the Mass Transit
6 Account within the Transportation Trust Fund; altering the State income tax
7 rate for corporations; pledging certain taxes collected to pay the principal and
8 interest on certain bonds; limiting the use of the Mass Transit Account to
9 funding certain transit expenses; providing that certain revenues distributed to
10 the Mass Transit Account are in addition to and may not supplant certain other
11 funds for mass transit; providing for the effective date of this Act; providing for
12 the application of certain provisions of this Act; and generally relating to certain
13 taxes used for certain transportation funding.

14 BY repealing

15 Article – Transportation

16 The subtitle designation “Subtitle 4. Transportation Revenue Sharing Fund” of
17 Title 3

18 Annotated Code of Maryland

19 (2001 Replacement Volume and 2007 Supplement)

20 BY adding to

21 Article – Tax – General

22 Section 2–613.1

23 Annotated Code of Maryland

24 (2004 Replacement Volume and 2007 Supplement)

25 BY repealing and reenacting, with amendments,

26 Article – Tax – General

27 Section 2–614, 2–615, and 10–105(b)

28 Annotated Code of Maryland

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 (2004 Replacement Volume and 2007 Supplement)

2 BY repealing and reenacting, with amendments,
 3 Article – Transportation
 4 Section 3–215(b) and 3–216(c)(2)(i)
 5 Annotated Code of Maryland
 6 (2001 Replacement Volume and 2007 Supplement)

7 BY adding to
 8 Article – Transportation
 9 Section 3–401 to be under the new subtitle “Subtitle 4. Mass Transit Account”
 10 Annotated Code of Maryland
 11 (2001 Replacement Volume and 2007 Supplement)

12 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF
 13 MARYLAND, That the subtitle designation “Subtitle 4. Transportation Revenue
 14 Sharing Fund” of Title 3 of Article – Transportation of the Annotated Code of
 15 Maryland be repealed.

16 SECTION 2. AND BE IT FURTHER ENACTED, That the Laws of Maryland
 17 read as follows:

18 **Article – Tax – General**

19 **2–613.1.**

20 **AFTER MAKING THE DISTRIBUTION REQUIRED UNDER § 2–613 OF THIS**
 21 **SUBTITLE, THE COMPTROLLER SHALL DISTRIBUTE MONTHLY 12.5% OF THE**
 22 **REMAINING INCOME TAX REVENUE FROM CORPORATIONS TO THE MASS**
 23 **TRANSIT ACCOUNT OF THE TRANSPORTATION TRUST FUND ESTABLISHED**
 24 **UNDER § 3–216 OF THE TRANSPORTATION ARTICLE.**

25 2–614.

26 (a) After making the [distribution] **DISTRIBUTIONS** required under [§
 27 2–613] §§ **2–613 AND 2–613.1** of this subtitle, the Comptroller shall distribute
 28 monthly 24% of the remaining income tax revenue from corporations to a special fund
 29 to be distributed as provided in subsection (b) of this section.

30 (b) (1) From the special fund, the Comptroller shall distribute an amount
 31 equal to 24% of the cost to administer the income tax on corporations to an
 32 administrative cost account.

33 (2) After making the distribution required under paragraph (1) of this
 34 subsection, the Comptroller shall distribute the balance in the special fund to the
 35 Gasoline and Motor Vehicle Revenue Account in the Transportation Trust Fund.

1 2-615.

2 After making the distributions required under §§ [2-613 and 2-614] **2-613,**
3 **2-613.1, AND 2-614** of this subtitle, the Comptroller shall distribute the remaining
4 income tax revenue from corporations to the General Fund of the State.

5 10-105.

6 (b) The State income tax rate for a corporation is [7%] **8%** of Maryland
7 taxable income.

8 Article - Transportation

9 3-215.

10 (b) The tax levied and imposed by this section consists of that part of the
11 following taxes that are retained to the credit of the Department after distributions to
12 the political subdivisions:

13 (1) The motor fuel tax revenue distributed under §§ 2-1103(2) and
14 2-1104(4) of the Tax - General Article;

15 (2) The income tax revenue distributed under § 2-614 of the
16 Tax - General Article;

17 (3) The excise tax imposed on vehicles by Part II of Title 13, Subtitle 8
18 of this article; [and]

19 (4) The sales and use tax revenues distributed under § 2-1302.1 of the
20 Tax - General Article; **AND**

21 **(5) THE INCOME TAX REVENUE DISTRIBUTED UNDER §**
22 **2-613.1 OF THE TAX - GENERAL ARTICLE.**

23 3-216.

24 (c) (2) (i) The Gasoline and Motor Vehicle Revenue Account, the
25 Driver Education Account, [and] the Motorcycle Safety Program Account, **AND THE**
26 **MASS TRANSIT ACCOUNT** shall be maintained in the Transportation Trust Fund.

27 SUBTITLE 4. MASS TRANSIT ACCOUNT.

28 **3-401.**

1 (A) **THERE IS A MASS TRANSIT ACCOUNT IN THE TRANSPORTATION**
2 **TRUST FUND.**

3 (B) **ALL REVENUES DISTRIBUTED TO THE TRANSPORTATION TRUST**
4 **FUND UNDER § 2-613.1 OF THE TAX – GENERAL ARTICLE SHALL BE CREDITED**
5 **TO THE MASS TRANSIT ACCOUNT.**

6 (C) **FUNDS FROM THE MASS TRANSIT ACCOUNT MAY ONLY BE USED**
7 **FOR:**

8 (1) **CAPITAL AND OPERATING EXPENSES OF THE WASHINGTON**
9 **METROPOLITAN AREA TRANSIT AUTHORITY (WMATA), INCLUDING**
10 **ADDITIONAL FUNDING FOR THE MAINTENANCE AND IMPROVEMENT OF THE**
11 **TRANSPORTATION SYSTEM OF WMATA CONSISTENT WITH:**

12 (I) **FEDERAL LAW PROVIDING ADDITIONAL FEDERAL**
13 **GRANTS TO WMATA FOR THE MAINTENANCE AND IMPROVEMENT OF THE**
14 **TRANSPORTATION SYSTEM AND REQUIRING WMATA COMPACT JURISDICTIONS**
15 **TO IDENTIFY A DEDICATED FUNDING SOURCE FOR THOSE PURPOSES; AND**

16 (II) **LAWS ENACTED BY THE DISTRICT OF COLUMBIA AND**
17 **THE COMMONWEALTH OF VIRGINIA DEDICATING REVENUES FOR THE**
18 **PURPOSES SPECIFIED IN ITEM (I) OF THIS ITEM;**

19 (2) **CAPITAL AND OPERATING EXPENSES OF THE MARYLAND**
20 **TRANSIT ADMINISTRATION; AND**

21 (3) **GRANTS TO LOCAL JURISDICTIONS FOR MASS TRANSIT**
22 **CAPITAL AND OPERATING EXPENSES.**

23 (D) (1) **THIS SECTION MAY NOT BE CONSTRUED TO REQUIRE THAT**
24 **THE MASS TRANSIT ACCOUNT BE THE SOLE SOURCE OF FUNDING FOR THE**
25 **CAPITAL AND OPERATING EXPENSES OF THE MARYLAND TRANSIT**
26 **ADMINISTRATION, THE CAPITAL AND OPERATING EXPENSES OF THE**
27 **WASHINGTON METROPOLITAN AREA TRANSIT AUTHORITY, OR LOCAL GRANTS**
28 **TO LOCAL JURISDICTIONS FOR MASS TRANSIT CAPITAL AND OPERATING**
29 **EXPENSES.**

30 (2) **THE REVENUES CREDITED TO THE MASS TRANSIT ACCOUNT**
31 **UNDER THIS SECTION ARE IN ADDITION TO AND MAY NOT SUPPLANT ANY FUNDS**
32 **WITHIN THE TRANSPORTATION TRUST FUND NECESSARY TO PAY THE**
33 **PROJECTED MASS TRANSIT OPERATING AND CAPITAL COSTS IDENTIFIED IN THE**
34 **DEPARTMENT’S APPROVED CONSOLIDATED TRANSPORTATION PROGRAM FOR**
35 **FISCAL YEARS 2007 THROUGH 2012.**

1 SECTION 3. AND BE IT FURTHER ENACTED, That § 10–105(b) of the Tax –
2 General Article, as enacted by Section 2 of this Act, shall be applicable to all taxable
3 years beginning after December 31, 2007.

4 SECTION 4. AND BE IT FURTHER ENACTED, That this Act shall take effect
5 January 1, 2008.