

HOUSE BILL 1395

L6

6lr2501

By: **Delegates Anderton, B. Barnes, Sample–Hughes, and A. Washington**

Introduced and read first time: February 12, 2016

Assigned to: Appropriations

Committee Report: Favorable

House action: Adopted

Read second time: March 29, 2016

CHAPTER _____

1 AN ACT concerning

2 **Local Government – Disparity Grants – Amounts**

3 FOR the purpose of altering the calculation of certain grants to counties and Baltimore City
4 under certain circumstances and for certain fiscal years; and generally relating to
5 certain grants to counties and Baltimore City.

6 BY repealing and reenacting, with amendments,
7 Article – Local Government
8 Section 16–501
9 Annotated Code of Maryland
10 (2013 Volume and 2015 Supplement)

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

13 **Article – Local Government**

14 16–501.

15 (a) Subject to subsection (e) of this section, for each fiscal year, the Comptroller
16 shall pay to an eligible county a grant in the amount determined under subsection (c)(3) of
17 this section.

18 (b) A county may not receive a grant under subsection (a) of this section if the
19 county's income tax rate was less than 2.6%:

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.

Underlining indicates amendments to bill.

~~Strike out~~ indicates matter stricken from the bill by amendment or deleted from the law by amendment.



1 (1) for the taxable year that ended in the second prior fiscal year; or

2 (2) for any subsequent taxable year through the taxable year that ends in
3 the current fiscal year.

4 (c) (1) For each fiscal year, the Comptroller shall determine for each county:

5 (i) the county income tax collected from individuals for the taxable
6 year that ended in the second prior fiscal year, based on tax returns filed through November
7 1 of the year following the applicable taxable year; and

8 (ii) the amount of county income tax that the county would have
9 received if the county income tax rate was 2.54%.

10 (2) For each fiscal year, the Comptroller shall determine as rounded to the
11 nearest cent:

12 (i) the per capita yield of the county income tax for each county,
13 based on:

14 1. the population of the county as last projected by the
15 Department of Health and Mental Hygiene for July 1 of the applicable taxable year or the
16 latest decennial census for the applicable taxable year; and

17 2. the amount specified in paragraph (1)(ii) of this
18 subsection; and

19 (ii) the per capita statewide yield of the county income tax, based on:

20 1. the State population as last projected by the Department
21 of Health and Mental Hygiene for July 1 of the applicable taxable year or the latest
22 decennial census for the applicable taxable year; and

23 2. the amount of county income tax specified in paragraph
24 (1)(ii) of this subsection for all counties.

25 (3) If the per capita yield of the county income tax for a county determined
26 under paragraph (2)(i) of this subsection is less than 75% of the per capita statewide yield
27 of the county income tax determined under paragraph (2)(ii) of this subsection, the
28 Comptroller shall determine the amount that would increase the county per capita yield to
29 equal 75% of the statewide per capita yield, as rounded to the nearest dollar.

30 (d) The Comptroller shall pay to an eligible county the amount determined under
31 subsection (c)(3) of this section in quarterly payments during each fiscal year.

(e) (1) Except as provided in paragraph (2) of this subsection, for fiscal year 2011 and each subsequent fiscal year, the distribution provided to any county or Baltimore City under this section may not exceed the amount distributed to the county or Baltimore City for fiscal year 2010.

(2) (i) If a county or Baltimore City has a county income tax rate of at least 2.8% but less than 3%, the county or Baltimore City may receive a minimum of 20% of the amount determined under subsection (c)(3) of this section.

(ii) If a county or Baltimore City has a county income tax rate of at least 3% but less than 3.2%, the county or Baltimore City may receive a minimum of 40% of the amount determined under subsection (c)(3) of this section.

(iii) If a county or Baltimore City has a county income tax rate of at least 3.2%[,]:

1. ON OR BEFORE JUNE 30, 2017, the county or Baltimore City may receive a minimum of 60% of the amount determined under subsection (c)(3) of this section;

2. IN FISCAL YEAR 2018, THE COUNTY OR BALTIMORE CITY MAY RECEIVE A MINIMUM OF 67.5% OF THE AMOUNT DETERMINED UNDER SUBSECTION (C)(3) OF THIS SECTION; AND

3. IN FISCAL YEAR 2019 AND EACH FISCAL YEAR THEREAFTER, THE COUNTY OR BALTIMORE CITY MAY RECEIVE A MINIMUM OF 75% OF THE AMOUNT DETERMINED UNDER SUBSECTION (C)(3) OF THIS SECTION.

SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect July 1, 2016.

Approved:

Governor.

Speaker of the House of Delegates.

President of the Senate.