

SENATE BILL 766

Q3, P1

6lr2380

By: **Senators Madaleno and Kagan**

Introduced and read first time: February 5, 2016

Assigned to: Budget and Taxation

A BILL ENTITLED

1 AN ACT concerning

2 **Local Income Tax – Overpayments and Underpayments – Local Reserve Account**
3 **Repayment**

4 FOR the purpose of requiring the Comptroller, under certain circumstances, to pay a county
5 or municipal corporation that receives a certain underpayment of local income tax
6 revenue a certain amount from a certain account; requiring a county or municipal
7 corporation that receives a certain overpayment of local income tax revenue to repay
8 a certain account in a certain manner; requiring the Comptroller, under certain
9 circumstances, to withhold certain amounts from a county or municipal corporation's
10 quarterly local income tax distributions; requiring that a certain determination by
11 the Comptroller be based on a full accounting of the income tax returns for a certain
12 taxable year; defining a certain term; and generally relating to the distribution of
13 certain local income tax revenue.

14 BY adding to
15 Article – Tax – General
16 Section 2–611
17 Annotated Code of Maryland
18 (2010 Replacement Volume and 2015 Supplement)

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

21 **Article – Tax – General**

22 **2–611.**

23 **(A) IN THIS SECTION, “ACCOUNT” MEANS THE LOCAL RESERVE ACCOUNT**
24 **ESTABLISHED TO COMPLY WITH § 2–606 OF THIS SUBTITLE.**

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 **(B) THIS SECTION APPLIES TO A COUNTY OR MUNICIPAL CORPORATION**
2 **THAT RECEIVES AN OVERPAYMENT OR UNDERPAYMENT OF LOCAL INCOME TAX**
3 **REVENUE FROM THE COMPTROLLER.**

4 **(C) AFTER REVIEWING INCOME TAX REVENUE DISTRIBUTIONS TO A COUNTY**
5 **OR MUNICIPAL CORPORATION, IF THE COMPTROLLER DETERMINES THAT THE**
6 **COUNTY OR MUNICIPAL CORPORATION RECEIVED AN UNDERPAYMENT OF INCOME**
7 **TAX, THE COMPTROLLER SHALL INITIALLY PAY THE AMOUNT DUE TO THE COUNTY**
8 **OR MUNICIPAL CORPORATION FROM THE ACCOUNT.**

9 **(D) (1) AFTER REVIEWING INCOME TAX REVENUE DISTRIBUTIONS TO A**
10 **COUNTY OR MUNICIPAL CORPORATION, IF THE COMPTROLLER DETERMINES THAT**
11 **THE COUNTY OR MUNICIPAL CORPORATION RECEIVED AN OVERPAYMENT OF**
12 **INCOME TAX, THE COUNTY OR MUNICIPAL CORPORATION SHALL REIMBURSE THE**
13 **ACCOUNT FOR ITS SHARE OF THE OVERPAYMENT.**

14 **(2) IF THE AFFECTED COUNTY OR MUNICIPAL CORPORATION DOES**
15 **NOT REIMBURSE THE ACCOUNT IN A TIMELY FASHION, THE COMPTROLLER SHALL**
16 **WITHHOLD THE AMOUNT OWED TO THE ACCOUNT FROM THE QUARTERLY INCOME**
17 **TAX DISTRIBUTIONS IN TWENTY EQUAL INSTALLMENTS BEGINNING WITH THE FIRST**
18 **APPLICABLE QUARTERLY DISTRIBUTION MADE AFTER THE COUNTY OR MUNICIPAL**
19 **CORPORATION HAS MADE ITS FINAL REIMBURSEMENT PAYMENT, IF REQUIRED TO**
20 **DO SO, UNDER § 27 OF CHAPTER 489 OF THE ACTS OF 2015.**

21 **(E) A DETERMINATION BY THE COMPTROLLER UNDER THIS SECTION THAT**
22 **A COUNTY OR MUNICIPAL CORPORATION RECEIVED AN UNDERPAYMENT OR**
23 **OVERPAYMENT OF INCOME TAX SHALL BE BASED ON A FULL ACCOUNTING OF**
24 **INCOME TAX RETURNS FOR THE TAXABLE YEAR FOR WHICH THE COUNTY OR**
25 **MUNICIPAL CORPORATION RECEIVED THE UNDERPAYMENT OR OVERPAYMENT.**

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