

# SENATE BILL 397

Q3

7lr1560  
CF HB 1433

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By: ~~Senators Edwards and Madaleno~~, **Madaleno, and Eckardt**

Introduced and read first time: January 27, 2017

Assigned to: Budget and Taxation

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Committee Report: Favorable with amendments

Senate action: Adopted

Read second time: February 21, 2017

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## CHAPTER \_\_\_\_\_

1 AN ACT concerning

2 **Local Income Tax Overpayments – Local Reserve Account Repayment –**  
3 **Forgiveness**

4 FOR the purpose of repealing a requirement that a county or municipal corporation that  
5 receives a certain overpayment of local income tax revenue reimburse a certain  
6 account for its share of the overpayment; repealing a certain requirement that the  
7 Comptroller withhold, under certain circumstances, the amount certain counties or  
8 municipal corporations owe to a certain account from certain distributions;  
9 prohibiting the Comptroller from requiring a county or municipal corporation that  
10 receives an overpayment to reimburse a certain account; repealing a certain  
11 requirement that the Comptroller perform a certain analysis before requiring a  
12 county or municipal corporation to make a certain reimbursement; stating the intent  
13 of the General Assembly; and generally relating to the requirement that certain  
14 counties or municipal corporations repay certain overpayments of local income tax  
15 revenue.

16 BY repealing and reenacting, with amendments,  
17 Article – Tax – General  
18 Section 2–611  
19 Annotated Code of Maryland  
20 (2016 Replacement Volume)

21 BY repealing  
22 Chapter 24 of the Acts of the General Assembly of 2016  
23 Section 2

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

3 **Article – Tax – General**

4 2–611.

5 (a) In this section, “account” means the Local Reserve Account established to  
6 comply with § 2–606 of this subtitle.

7 (b) This section applies to a county or municipal corporation that receives an  
8 overpayment or underpayment of local income tax revenue from the Comptroller.

9 (c) After reviewing income tax revenue distributions to a county or municipal  
10 corporation, if the Comptroller determines that the county or municipal corporation  
11 received an underpayment of income tax, the Comptroller shall initially pay the amount  
12 due to the county or municipal corporation from the account.

13 (d) **[(1)]** After reviewing income tax revenue distributions to a county or  
14 municipal corporation, if the Comptroller determines that the county or municipal  
15 corporation received an overpayment of income tax, **[the county or municipal corporation**  
16 **shall reimburse the account for its share of the overpayment.**

17 (2) If the affected county or municipal corporation does not reimburse the  
18 account in a timely fashion, the Comptroller shall withhold the amount owed to the account  
19 from the quarterly income tax distributions in forty equal installments beginning with the  
20 first applicable quarterly distribution made after the county or municipal corporation has  
21 made its final reimbursement payment, if required to do so, under § 27 of Chapter 489 of  
22 the Acts of 2015, as amended.] **THE COMPTROLLER MAY NOT REQUIRE THE COUNTY**  
23 **OR MUNICIPAL CORPORATION TO REIMBURSE THE ACCOUNT FOR ITS SHARE OF THE**  
24 **OVERPAYMENT.**

25 (e) A determination by the Comptroller under this section that a county or  
26 municipal corporation received an underpayment or overpayment of income tax shall be  
27 based on a full accounting of income tax returns for the taxable year for which the county  
28 or municipal corporation received the underpayment or overpayment.

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

31 **Chapter 24 of the Acts of 2016**

32 **[SECTION 2. AND BE IT FURTHER ENACTED, That the Comptroller may not**  
33 **require a county or municipal corporation to make a reimbursement payment under §**  
34 **2–611 of the Tax – General Article until the Comptroller completes a statewide analysis to**

1 determine the number of counties or municipal corporations that received an overpayment  
2 or underpayment of local income tax revenue.]

3 SECTION 3. AND BE IT FURTHER ENACTED, That it is the intent of the General  
4 Assembly that the Comptroller return from the Local Reserve Account any reimbursement  
5 payment made by a county or municipal corporation under Chapter 24 of the Acts of the  
6 General Assembly of 2016.

7 SECTION ~~3~~ 4. AND BE IT FURTHER ENACTED, That this Act shall take effect  
8 July 1, 2017.

Approved:

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Governor.

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President of the Senate.

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Speaker of the House of Delegates.