

# SENATE BILL 764

L6, Q8

8lr3327  
CF HB 1624

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By: ~~Senator Mathias~~ Senators Mathias, Currie, Eckardt, Hershey, McFadden, and Peters

Introduced and read first time: February 5, 2018

Assigned to: Budget and Taxation

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Committee Report: Favorable with amendments

Senate action: Adopted

Read second time: March 16, 2018

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

1 AN ACT concerning

2 **Local Governments – Income Tax Disparity Grants – Amounts**

3 FOR the purpose of altering the calculation of certain income tax disparity grants to  
4 counties and Baltimore City under certain circumstances and for certain fiscal years;  
5 extending a certain termination provision; and generally relating to income tax  
6 disparity grants to counties and Baltimore City.

7 BY repealing and reenacting, with amendments,

8 Article – Local Government

9 Section 16–501

10 Annotated Code of Maryland

11 (2013 Volume and 2017 Supplement)

12 BY repealing and reenacting, with amendments,

13 Chapter 738 of the Acts of the General Assembly of 2016

14 Section 2

15 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND,

16 That the Laws of Maryland read as follows:

17 **Article – Local Government**

18 16–501.

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

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

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

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

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

10 (i) the county income tax collected from individuals for the taxable  
11 year that ended in the second prior fiscal year, based on tax returns filed through November  
12 1 of the year following the applicable taxable year; and

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

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

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

19 1. the population of the county as last projected by the  
20 Maryland Department of Health for July 1 of the applicable taxable year or the latest  
21 decennial census for the applicable taxable year; and

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

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

25 1. the State population as last projected by the Maryland  
26 Department of Health for July 1 of the applicable taxable year or the latest decennial  
27 census for the applicable taxable year; and

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

30 (3) If the per capita yield of the county income tax for a county determined  
31 under paragraph (2)(i) of this subsection is less than 75% of the per capita statewide yield  
32 of the county income tax determined under paragraph (2)(ii) of this subsection, the

1 Comptroller shall determine the amount that would increase the county per capita yield to  
2 equal 75% of the statewide per capita yield, as rounded to the nearest dollar.

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

5 (e) (1) Except as provided in paragraph (2) of this subsection, for fiscal year  
6 2011 and each subsequent fiscal year, the distribution provided to any county or Baltimore  
7 City under this section may not exceed the amount distributed to the county or Baltimore  
8 City for fiscal year 2010.

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

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

15 (iii) If a county or Baltimore City has a county income tax rate of at  
16 least 3.2%:

17 1. on or before June 30, 2017, the county or Baltimore City  
18 may receive a minimum of 60% of the amount determined under subsection (c)(3) of this  
19 section;

20 2. in fiscal year 2018, the county or Baltimore City may  
21 receive a minimum of 63.75% of the amount determined under subsection (c)(3) of this  
22 section; and

23 3. in fiscal [year] **YEARS 2019, 2020, AND 2021**, the county  
24 or Baltimore City may receive a minimum of 67.5% of the amount determined under  
25 subsection (c)(3) of this section.

## 26 Chapter 738 of the Acts of 2016

27 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect July  
28 1, 2016. It shall remain effective for a period [3] **5** years and, at the end of June 30, [2019]  
29 **2021**, with no further action required by the General Assembly, this Act shall be abrogated  
30 and of no further force and effect.

31 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect July  
32 1, 2018.