

HOUSE BILL 1494

Q3

0lr3031
CF SB 1040

By: **Delegates Mosby, Cain, Ebersole, Korman, Lehman, Palakovich Carr, Smith, Stewart, and P. Young**

Introduced and read first time: February 7, 2020

Assigned to: Ways and Means

Committee Report: Favorable with amendments

House action: Adopted

Read second time: March 10, 2020

CHAPTER _____

1 AN ACT concerning

2 **County Income Tax – ~~Maximum Rate and~~ Authority to Impose on an Income**
3 **Bracket Basis**

4 FOR the purpose of ~~altering the maximum tax rate a county may impose on an individual's~~
5 ~~Maryland taxable income; requiring~~ authorizing a county to impose ~~a certain~~
6 ~~increase to~~ the county income tax on an income bracket basis under certain
7 circumstances; requiring a county that imposes the county income tax on an income
8 bracket basis to set, by ordinance or resolution, certain income brackets; ~~providing~~
9 ~~that prohibiting~~ the income brackets ~~may differ~~ from differing from the income
10 brackets to which the State income tax applies; prohibiting a county that imposes
11 the county income tax on an income tax bracket basis from setting a minimum
12 income tax rate less than a certain amount; prohibiting a county from applying an
13 income tax rate to a certain income bracket that is less than a certain rate or from
14 imposing an income tax rate that is greater than a certain rate except under certain
15 circumstances; authorizing a county to request certain information from the
16 Comptroller for a certain purpose; repealing certain obsolete language; and generally
17 relating to the county income tax.

18 BY repealing and reenacting, with amendments,
19 Article – Tax – General
20 Section 10–106
21 Annotated Code of Maryland
22 (2016 Replacement Volume and 2019 Supplement)

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 10–106.

5 (a) (1) Each county shall set, by ordinance or resolution, a county income tax
6 equal to at least 1% but not more than ~~the percentage of an individual's Maryland taxable~~
7 ~~income as follows:~~

8 ~~(i)~~ [3.05% for a taxable year beginning after December 31, 1998 but
9 before January 1, 2001;

10 (ii) 3.10% for a taxable year beginning after December 31, 2000 but
11 before January 1, 2002; and

12 (iii)] 3.20% OF AN INDIVIDUAL'S MARYLAND TAXABLE INCOME for
13 a taxable year beginning after December 31, 2001, ~~BUT BEFORE JANUARY 1, 2022; AND~~

14 ~~(H) 3.5% FOR A TAXABLE YEAR BEGINNING AFTER DECEMBER~~
15 ~~31, 2021.~~

16 (2) A county income tax rate continues until the county changes the rate
17 by ordinance or resolution.

18 (3) (i) A county may not increase its county income tax rate above 2.6%
19 until after the county has held a public hearing on the proposed act, ordinance, or resolution
20 to increase the rate.

21 (ii) The county shall publish at least once each week for 2 successive
22 weeks in a newspaper of general circulation in the county:

23 1. notice of the public hearing; and

24 2. a fair summary of the proposed act, ordinance, or
25 resolution to increase the county income tax rate above 2.6%.

26 (4) Notwithstanding paragraph (1) or (2) of this subsection, in Howard
27 County, the county income tax rate may be changed only by ordinance and not by
28 resolution.

29 (b) If a county changes its county income tax rate, the county shall:

30 (1) increase or decrease the rate in increments of one one-hundredth of a
31 percentage point, effective on January 1 of the year that the county designates; and

1 (2) give the Comptroller notice of the rate **OR INCOME BRACKET** change
2 and the effective date of the rate **OR INCOME BRACKET** change on or before July 1 prior to
3 its effective date.

4 (C) (1) ~~FOR ANY INCREASE TO A COUNTY INCOME TAX RATE THAT IS~~
5 ~~EFFECTIVE ON OR AFTER JANUARY 1, 2022, THE COUNTY SHALL MAY APPLY THAT~~
6 ~~INCREASE THE COUNTY INCOME TAX ON A BRACKET BASIS.~~

7 (2) A COUNTY THAT IMPOSES THE COUNTY INCOME TAX ON A
8 BRACKET BASIS:

9 (I) SHALL SET, BY ORDINANCE OR RESOLUTION, THE INCOME
10 BRACKETS THAT APPLY TO EACH INCOME TAX RATE;

11 (II) MAY NOT SET INCOME BRACKETS THAT DIFFER FROM THE
12 INCOME BRACKETS TO WHICH THE STATE INCOME TAX APPLIES; ~~AND~~

13 (III) MAY NOT SET A MINIMUM INCOME TAX RATE LESS THAN
14 2.25% OF AN INDIVIDUAL'S MARYLAND TAXABLE INCOME; AND

15 (IV) MAY NOT APPLY AN INCOME TAX RATE TO A HIGHER INCOME
16 BRACKET THAT IS LESS THAN THE INCOME TAX RATE APPLIED TO A LOWER INCOME
17 BRACKET.

18 (3) A COUNTY MAY REQUEST INFORMATION FROM THE
19 COMPTROLLER TO ASSIST THE COUNTY IN DETERMINING ~~INCOME BRACKETS AND~~
20 APPLICABLE INCOME TAX RATES THAT ARE REVENUE NEUTRAL FOR THE COUNTY.

21 ~~(D) A COUNTY MAY SET AN INCOME TAX RATE THAT IS GREATER THAN 3.2%~~
22 ~~ONLY ON MARYLAND TAXABLE INCOME THAT IS IN EXCESS OF TWO TIMES THE~~
23 ~~MAXIMUM INCOME TAX BRACKET THRESHOLD ESTABLISHED UNDER:~~

24 ~~(1) § 10-105(A)(1) OF THIS SUBTITLE FOR INDIVIDUALS OTHER THAN~~
25 ~~AN INDIVIDUAL DESCRIBED IN PARAGRAPH (2) OF THIS SUBSECTION; AND~~

26 ~~(2) § 10-105(A)(2) OF THIS SUBTITLE FOR SPOUSES FILING A JOINT~~
27 ~~RETURN OR FOR A SURVIVING SPOUSE OR HEAD OF HOUSEHOLD AS DEFINED IN § 2~~
28 ~~OF THE INTERNAL REVENUE CODE.~~

29 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect July
30 1, 2020.