

# HOUSE BILL 1494

Q3

0lr3031  
CF 0lr3644

---

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

---

## A BILL ENTITLED

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 a county to impose a certain increase to the  
6 county income tax on an income bracket basis under certain circumstances; requiring  
7 a county that imposes the county income tax on an income bracket basis to set, by  
8 ordinance or resolution, certain income brackets; providing that the income brackets  
9 may differ from the income brackets to which the State income tax applies;  
10 prohibiting a county from applying an income tax rate to a certain income bracket  
11 that is less than a certain rate or from imposing an income tax rate that is greater  
12 than a certain rate except under certain circumstances; authorizing a county to  
13 request certain information from the Comptroller for a certain purpose; repealing  
14 certain obsolete language; and generally relating to the county income tax.

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

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

22 **Article – Tax – General**

23 10–106.

24 (a) (1) Each county shall set, by ordinance or resolution, a county income tax  
25 equal to at least 1% but not more than the percentage of an individual's Maryland taxable

---

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 income as follows:

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

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

6 (iii)] 3.20% for a taxable year beginning after December 31, 2001, **BUT**  
7 **BEFORE JANUARY 1, 2022; AND**

8 **(II) 3.5% FOR A TAXABLE YEAR BEGINNING AFTER DECEMBER**  
9 **31, 2021.**

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

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

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

17 1. notice of the public hearing; and

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

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

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

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

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

29 **(C) (1) FOR ANY INCREASE TO A COUNTY INCOME TAX RATE THAT IS**  
30 **EFFECTIVE ON OR AFTER JANUARY 1, 2022, THE COUNTY SHALL APPLY THAT**  
31 **INCREASE ON A BRACKET BASIS.**

1           **(2) A COUNTY THAT IMPOSES THE COUNTY INCOME TAX ON A**  
2 **BRACKET BASIS:**

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

5                   **(II) MAY SET INCOME BRACKETS THAT DIFFER FROM THE**  
6 **INCOME BRACKETS TO WHICH THE STATE INCOME TAX APPLIES; AND**

7                   **(III) MAY NOT APPLY AN INCOME TAX RATE TO A HIGHER INCOME**  
8 **BRACKET THAT IS LESS THAN THE INCOME TAX RATE APPLIED TO A LOWER INCOME**  
9 **BRACKET.**

10           **(3) A COUNTY MAY REQUEST INFORMATION FROM THE**  
11 **COMPTROLLER TO ASSIST THE COUNTY IN DETERMINING INCOME BRACKETS AND**  
12 **APPLICABLE INCOME TAX RATES THAT ARE REVENUE NEUTRAL FOR THE COUNTY.**

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

16                   **(1) § 10-105(A)(1) OF THIS SUBTITLE FOR INDIVIDUALS OTHER THAN**  
17 **AN INDIVIDUAL DESCRIBED IN PARAGRAPH (2) OF THIS SUBSECTION; AND**

18                   **(2) § 10-105(A)(2) OF THIS SUBTITLE FOR SPOUSES FILING A JOINT**  
19 **RETURN OR FOR A SURVIVING SPOUSE OR HEAD OF HOUSEHOLD AS DEFINED IN § 2**  
20 **OF THE INTERNAL REVENUE CODE.**

21           SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect July  
22 1, 2020.