

# SENATE BILL 133

Q3  
HB 1494/20 – W&M

(PRE-FILED)

11r0854  
CF HB 319

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By: **Senator Rosapepe**

Requested: October 5, 2020

Introduced and read first time: January 13, 2021

Assigned to: Budget and Taxation

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## A BILL ENTITLED

1 AN ACT concerning

2 **Local Tax Relief for Working Families Act of 2021**

3 FOR the purpose of altering the minimum tax rate that a county is required to impose on  
4 an individual's Maryland taxable income; altering the maximum tax rate a county  
5 may impose on an individual's Maryland taxable income; authorizing a county to  
6 impose 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 the income brackets may differ from the income brackets to which the State  
10 income tax applies; prohibiting a county that imposes the county income tax on an  
11 income tax bracket basis from setting a minimum income tax rate less than a certain  
12 amount; prohibiting a county from applying an income tax rate to a certain income  
13 bracket that is less than a certain rate or from imposing an income tax rate that is  
14 greater than a certain rate except under certain circumstances; authorizing a county  
15 to request certain information from the Comptroller for a certain purpose; repealing  
16 certain obsolete language; providing for the application of this Act; 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 2020 Supplement)

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

25 **Article – Tax – General**

26 10–106.

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EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 (a) (1) Each county shall set, by ordinance or resolution, a county income tax  
2 equal to at least [1%] **2.25%** but not more than the percentage of an individual's Maryland  
3 taxable income as follows:

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

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

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

10 **(II) 3.5% FOR A TAXABLE YEAR BEGINNING AFTER DECEMBER**  
11 **31, 2021.**

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

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

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

19 1. notice of the public hearing; and

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

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

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

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

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

31 **(C) (1) FOR ANY COUNTY INCOME TAX RATE THAT IS EFFECTIVE ON OR**

1 AFTER JANUARY 1, 2022, THE COUNTY MAY APPLY THE COUNTY INCOME TAX ON A  
2 BRACKET BASIS.

3 (2) A COUNTY THAT IMPOSES THE COUNTY INCOME TAX ON A  
4 BRACKET BASIS:

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

7 (II) MAY SET INCOME BRACKETS THAT DIFFER FROM THE  
8 INCOME BRACKETS TO WHICH THE STATE INCOME TAX APPLIES;

9 (III) MAY NOT SET A MINIMUM INCOME TAX RATE LESS THAN  
10 2.25% OF AN INDIVIDUAL'S MARYLAND TAXABLE INCOME; AND

11 (IV) MAY NOT APPLY AN INCOME TAX RATE TO A HIGHER INCOME  
12 BRACKET THAT IS LESS THAN THE INCOME TAX RATE APPLIED TO A LOWER INCOME  
13 BRACKET.

14 (3) A COUNTY MAY REQUEST INFORMATION FROM THE  
15 COMPTROLLER TO ASSIST THE COUNTY IN DETERMINING INCOME BRACKETS AND  
16 APPLICABLE INCOME TAX RATES THAT ARE REVENUE-NEUTRAL FOR THE COUNTY.

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

20 (1) § 10-105(A)(1) OF THIS SUBTITLE FOR INDIVIDUALS OTHER THAN  
21 AN INDIVIDUAL DESCRIBED IN ITEM (2) OF THIS SUBSECTION; AND

22 (2) § 10-105(A)(2) OF THIS SUBTITLE FOR SPOUSES FILING A JOINT  
23 RETURN OR FOR A SURVIVING SPOUSE OR HEAD OF HOUSEHOLD AS DEFINED IN § 2  
24 OF THE INTERNAL REVENUE CODE.

25 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect June  
26 1, 2021, and shall be applicable to all taxable years beginning after December 31, 2021.