

SENATE BILL 270

Q3

3lr1048
CF HB 142

By: **Senators Rosapepe, Lewis Young, and Muse**

Introduced and read first time: January 26, 2023

Assigned to: Budget and Taxation

A BILL ENTITLED

1 AN ACT concerning

2 **More Local Tax Relief for Working Families Act of 2023**

3 FOR the purpose of altering, subject to certain limitations, the maximum tax rate that a
4 county may impose on an individual's Maryland taxable income; and generally
5 relating to the county income tax.

6 BY repealing and reenacting, with amendments,
7 Article – Tax – General
8 Section 10–106
9 Annotated Code of Maryland
10 (2022 Replacement Volume)

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

13 **Article – Tax – General**

14 10–106.

15 (a) (1) Each county shall set, by ordinance or resolution, a county income tax
16 equal to at least 2.25% but not more than **THE PERCENTAGE OF AN INDIVIDUAL'S**
17 **MARYLAND TAXABLE INCOME AS FOLLOWS:**

18 **(I) 3.20%** [of an individual's Maryland taxable income] for a taxable
19 year beginning after December 31, 2001, **BUT BEFORE JANUARY 1, 2024; AND**

20 **(II) 3.7% FOR A TAXABLE YEAR BEGINNING AFTER DECEMBER**
21 **31, 2023.**

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



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

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

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

8 1. notice of the public hearing; and

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

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

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

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

17 (2) give the Comptroller notice of the rate or income bracket change and
18 the effective date of the rate or income bracket change on or before July 1 prior to its
19 effective date.

20 (c) (1) For any county income tax rate that is effective on or after January 1,
21 2022, the county may apply the county income tax on a bracket basis.

22 (2) A county that imposes the county income tax on a bracket basis:

23 (i) shall set, by ordinance or resolution, the income brackets that
24 apply to each income tax rate;

25 (ii) may set income brackets that differ from the income brackets to
26 which the State income tax applies;

27 (iii) may not set a minimum income tax rate less than 2.25% of an
28 individual's Maryland taxable income; and

29 (iv) may not apply an income tax rate to a higher income bracket that
30 is less than the income tax rate applied to a lower income bracket.

1 (3) A county may request information from the Comptroller to assist the
2 county in determining income brackets and applicable income tax rates that are
3 revenue-neutral for the county.

4 **(D) (1) SUBJECT TO PARAGRAPH (2) OF THIS SUBSECTION, A COUNTY**
5 **MAY SET AN INCOME TAX RATE THAT IS GREATER THAN 3.2% ONLY ON MARYLAND**
6 **TAXABLE INCOME THAT IS IN EXCESS OF TWO TIMES THE MAXIMUM INCOME TAX**
7 **BRACKET THRESHOLD ESTABLISHED UNDER:**

8 **(I) § 10-105(A)(1) OF THIS SUBTITLE FOR INDIVIDUALS OTHER**
9 **THAN AN INDIVIDUAL DESCRIBED UNDER ITEM (II) OF THIS PARAGRAPH; AND**

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

13 **(2) (I) THIS PARAGRAPH DOES NOT APPLY TO A COUNTY IF ITS**
14 **COUNTY INCOME TAX RATE ON THE LOWEST INCOME BRACKET EQUALS 2.25% OF AN**
15 **INDIVIDUAL'S MARYLAND TAXABLE INCOME.**

16 **(II) A COUNTY MAY NOT SET AN INCOME TAX RATE THAT IS**
17 **GREATER THAN 3.2% FOR ANY INCOME BRACKET UNLESS THE COUNTY**
18 **CONCURRENTLY REDUCES THE INCOME TAX RATE APPLICABLE TO THE LOWEST**
19 **INCOME BRACKET.**

20 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect June
21 1, 2023.