

SENATE BILL 70

Q3

(PRE-FILED)

5lr0918
CF HB 151

By: **Senator Rosapepe**

Requested: September 23, 2024

Introduced and read first time: January 8, 2025

Assigned to: Budget and Taxation

A BILL ENTITLED

1 AN ACT concerning

2 **County Income Tax – Rate and Income Brackets – Alterations**

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; limiting the number
5 of brackets that a county that imposes the county income tax on a bracket basis may
6 set; requiring a county that imposes the county income tax on a bracket basis to use
7 certain income bracket thresholds; and generally relating to the county income tax.

8 BY repealing and reenacting, with amendments,
9 Article – Tax – General
10 Section 10–106
11 Annotated Code of Maryland
12 (2022 Replacement Volume and 2024 Supplement)

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

15 **Article – Tax – General**

16 10–106.

17 (a) (1) Each county shall set, by ordinance or resolution, a county income tax
18 equal to at least 2.25% but not more than [3.20%] **3.7%** of an individual's Maryland taxable
19 income [for a taxable year beginning after December 31, 2001].

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

22 (3) (i) A county may not increase its county income tax rate above 2.6%

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 until after the county has held a public hearing on the proposed act, ordinance, or resolution
2 to increase the rate.

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

5 1. notice of the public hearing; and

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

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

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

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

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

17 (c) (1) For any county income tax rate that is effective on or after January 1,
18 2022, the county may apply the county income tax on a bracket basis.

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

20 (i) **SUBJECT TO PARAGRAPH (3) OF THIS SUBSECTION**, shall set,
21 by ordinance or resolution, the income brackets that apply to each income tax rate;

22 (ii) [may set income brackets that differ from the income brackets to
23 which the State income tax applies] **MAY APPLY THE SAME INCOME TAX RATE TO MORE**
24 **THAN ONE OF THE INCOME BRACKETS REQUIRED UNDER PARAGRAPH (3) OF THIS**
25 **SUBSECTION;**

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

28 (iv) may not apply an income tax rate to a higher income bracket that
29 is less than the income tax rate applied to a lower income bracket; **AND**

30 (v) **MAY NOT SET MORE THAN EIGHT INCOME BRACKETS EACH**
31 **FOR:**

1 1. INDIVIDUALS OTHER THAN AN INDIVIDUAL
2 DESCRIBED UNDER ITEM 2 OF THIS ITEM; AND

3 2. SPOUSES FILING A JOINT RETURN OR A SURVIVING
4 SPOUSE OR HEAD OF HOUSEHOLD AS DEFINED IN § 2 OF THE INTERNAL REVENUE
5 CODE.

6 (3) A COUNTY THAT IMPOSES THE COUNTY INCOME TAX ON A
7 BRACKET BASIS SHALL SET THE INCOME BRACKET THRESHOLDS AS FOLLOWS:

8 (I) FOR AN INDIVIDUAL OTHER THAN AN INDIVIDUAL
9 DESCRIBED IN ITEM (II) OF THIS PARAGRAPH:

10 1. \$1 THROUGH \$25,000 OF MARYLAND TAXABLE
11 INCOME;

12 2. \$25,001 THROUGH \$50,000 OF MARYLAND TAXABLE
13 INCOME;

14 3. \$50,001 THROUGH \$100,000 OF MARYLAND TAXABLE
15 INCOME;

16 4. \$100,001 THROUGH \$250,000 OF MARYLAND
17 TAXABLE INCOME;

18 5. \$250,001 THROUGH \$500,000 OF MARYLAND
19 TAXABLE INCOME;

20 6. \$500,001 THROUGH \$750,000 OF MARYLAND
21 TAXABLE INCOME;

22 7. \$750,001 THROUGH \$1,000,000 OF MARYLAND
23 TAXABLE INCOME; AND

24 8. \$1,000,001 OR MORE OF MARYLAND TAXABLE
25 INCOME; AND

26 (II) FOR SPOUSES FILING A JOINT RETURN OR FOR A SURVIVING
27 SPOUSE OR HEAD OF HOUSEHOLD AS DEFINED IN § 2 OF THE INTERNAL REVENUE
28 CODE:

29 1. \$1 THROUGH \$50,000 OF MARYLAND TAXABLE
30 INCOME;

