

Letter of Information**House Bill 151 – County Income Tax – Rate and Income Brackets – Alterations**
Ways and Means Committee
January 30, 2025

The Office of the Comptroller is respectfully submitting this letter of information for House Bill 151 (HB151), County Income Tax – Rate and Income Brackets – Alterations. HB151 would increase the maximum county income tax rate to 3.7% and establish new standardized income brackets for counties.

Implementation of HB151 will require significant updates to our new tax processing system – Maryland Tax Connect – which is still being developed and implemented. In order to implement the proposed changes, our agency would need to expand the scope of work for our existing IT contracts to support the development of new tables for each county that would include the county subdivision, tax bracket, rate and effective dates, and additional business rules to calculate and validate the rates. While counties are already authorized to adopt bracketed income tax rates, HB151 proposes increasing the number of brackets to eight. To accommodate potential changes by counties, our vendors would be required to develop and test for 16 brackets for each county and Baltimore City (eight brackets for single filers and eight for joint/surviving spouse/head of household filers).

Our office is happy to work with the sponsors of this legislation to ensure that we are able to implement this bill as intended. If you have any questions, please reach out to Matthew Dudzic, Director of State Affairs, at MDudzic@marylandtaxes.gov.

