HOUSE BILL 737

L6 (0lr1960)

ENROLLED BILL

— Appropriations/Budget and Taxation —

Introduced by **Delegates Anderton, B. Barnes, and Sample–Hughes**

Read and Examined by Proofreaders:

_____
Proofreader.

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Proofreader.

Sealed with the Great Seal and presented to the Governor, for his approval this

_____ day of _____ at _____ o'clock, _____M.

_____
Speaker.

CHAPTER _____

1 AN ACT concerning

2 **Local Governments – Income Tax Disparity Grants – Amounts**

3 FOR the purpose of altering the calculation of certain income tax disparity grants to
4 counties and Baltimore City under certain circumstances and for certain fiscal years;
5 ~~extending~~ <u>repealing</u> a certain termination provision; and generally relating to
6 income tax disparity grants to counties and Baltimore City.

7 BY repealing and reenacting, with amendments,
8 Article – Local Government
9 Section 16–501
10 Annotated Code of Maryland
11 (2013 Volume and 2019 Supplement)

12 BY repealing and reenacting, with amendments,

EXPLANATION: **CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.**
   [Brackets**]** indicate matter deleted from existing law.
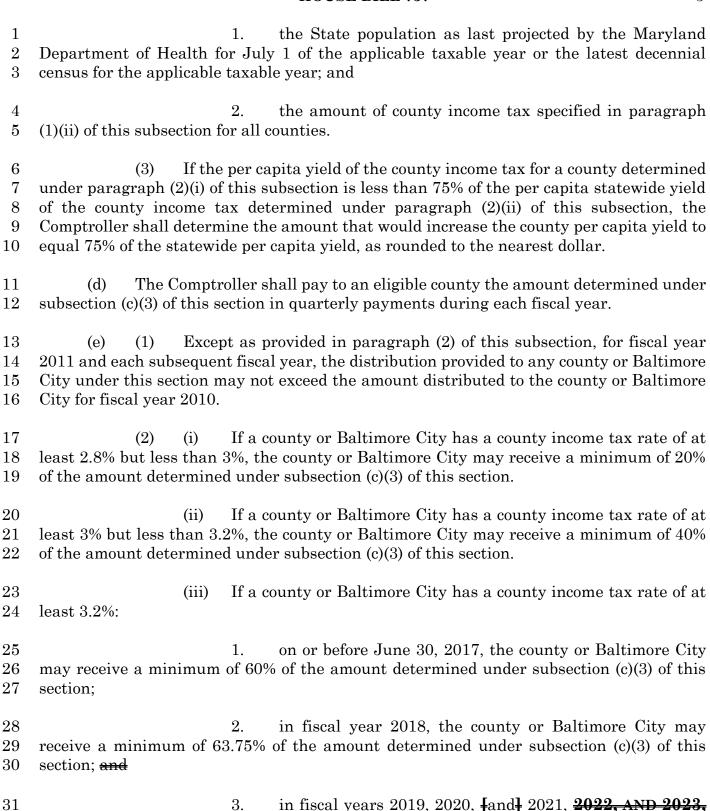   <u>Underlining</u> indicates amendments to bill.
   ~~Strike out~~ indicates matter stricken from the bill by amendment or deleted from the law by
   amendment.
   Italics indicate opposite chamber/conference committee amendments.

1   Chapter 738 of the Acts of the General Assembly of 2016, as amended by Chapter
2   472 of the Acts of the General Assembly of 2018
3   Section 2

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

6   **Article – Local Government**

7   16–501.

8   (a)   Subject to subsection (e) of this section, for each fiscal year, the Comptroller
9   shall pay to an eligible county a grant in the amount determined under subsection (c)(3) of
10 this section.

11   (b)   A county may not receive a grant under subsection (a) of this section if the
12 county's income tax rate was less than 2.6%:

13   (1)   for the taxable year that ended in the second prior fiscal year; or

14   (2)   for any subsequent taxable year through the taxable year that ends in
15 the current fiscal year.

16   (c)   (1)   For each fiscal year, the Comptroller shall determine for each county:

17   (i)   the county income tax collected from individuals for the taxable
18 year that ended in the second prior fiscal year, based on tax returns filed through November
19 1 of the year following the applicable taxable year; and

20   (ii)   the amount of county income tax that the county would have
21 received if the county income tax rate was 2.54%.

22   (2)   For each fiscal year, the Comptroller shall determine as rounded to the
23 nearest cent:

24   (i)   the per capita yield of the county income tax for each county,
25 based on:

26   1.   the population of the county as last projected by the
27 Maryland Department of Health for July 1 of the applicable taxable year or the latest
28 decennial census for the applicable taxable year; and

29   2.   the amount specified in paragraph (1)(ii) of this
30 subsection; and

31   (ii)   the per capita statewide yield of the county income tax, based on:

1   1.   the State population as last projected by the Maryland
2 Department of Health for July 1 of the applicable taxable year or the latest decennial
3 census for the applicable taxable year; and

4   2.   the amount of county income tax specified in paragraph
5 (1)(ii) of this subsection for all counties.

6   (3)   If the per capita yield of the county income tax for a county determined
7 under paragraph (2)(i) of this subsection is less than 75% of the per capita statewide yield
8 of the county income tax determined under paragraph (2)(ii) of this subsection, the
9 Comptroller shall determine the amount that would increase the county per capita yield to
10 equal 75% of the statewide per capita yield, as rounded to the nearest dollar.

11   (d)   The Comptroller shall pay to an eligible county the amount determined under
12 subsection (c)(3) of this section in quarterly payments during each fiscal year.

13   (e)   (1)   Except as provided in paragraph (2) of this subsection, for fiscal year
14 2011 and each subsequent fiscal year, the distribution provided to any county or Baltimore
15 City under this section may not exceed the amount distributed to the county or Baltimore
16 City for fiscal year 2010.

17   (2)   (i)   If a county or Baltimore City has a county income tax rate of at
18 least 2.8% but less than 3%, the county or Baltimore City may receive a minimum of 20%
19 of the amount determined under subsection (c)(3) of this section.

20   (ii)   If a county or Baltimore City has a county income tax rate of at
21 least 3% but less than 3.2%, the county or Baltimore City may receive a minimum of 40%
22 of the amount determined under subsection (c)(3) of this section.

23   (iii)   If a county or Baltimore City has a county income tax rate of at
24 least 3.2%:

25   1.   on or before June 30, 2017, the county or Baltimore City
26 may receive a minimum of 60% of the amount determined under subsection (c)(3) of this
27 section;

28   2.   in fiscal year 2018, the county or Baltimore City may
29 receive a minimum of 63.75% of the amount determined under subsection (c)(3) of this
30 section; ~~and~~

31   3.   in fiscal years 2019, 2020, [and] 2021, **~~2022, AND 2023,~~**
32 the county or Baltimore City may receive a minimum of 67.5% of the amount determined
33 under subsection (c)(3) of this section**; AND**

1   **<u>4.   IN FISCAL YEAR 2022, AND EACH FISCAL YEAR</u>**
2   **<u>THEREAFTER, THE COUNTY OR BALTIMORE CITY MAY RECEIVE A MINIMUM OF ~~80%~~</u>**
3   **<u>*75%* OF THE AMOUNT DETERMINED UNDER SUBSECTION (C)(3) OF THIS SECTION</u>**.

4   **Chapter 738 of the Acts of 2016, as amended by Chapter 472 of the Acts of 2018**

5   SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect July
6   1, 2016. ~~It shall remain effective for a period~~ **[**~~5~~**] <u>OF 7</u>** ~~years and, at the end of June 30,~~
7   **[**~~2021~~**] <u>2023</u>**, ~~with no further action required by the General Assembly, this Act shall be~~
8   ~~abrogated and of no further force and effect.~~

9   SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect July
10   1, 2020.

Approved:

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                                                        Governor.

_____
                                        Speaker of the House of Delegates.

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                                            President of the Senate.