

## Chapter 26

**(House Bill 737 of the 2020 Regular Session)**

AN ACT concerning

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

FOR the purpose of altering the calculation of certain income tax disparity grants to counties and Baltimore City under certain circumstances and for certain fiscal years; ~~extending~~ repealing a certain termination provision; and generally relating to income tax disparity grants to counties and Baltimore City.

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

BY repealing and reenacting, with amendments,  
 Chapter 738 of the Acts of the General Assembly of 2016, as amended by Chapter  
 472 of the Acts of the General Assembly of 2018  
 Section 2

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

**Article – Local Government**

16–501.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

**Gubernatorial Veto Override, February 12, 2021.**