

HB0319/379934/1

BY: Budget and Taxation Committee

AMENDMENTS TO HOUSE BILL 319
(Third Reading File Bill)

AMENDMENT NO. 1

On page 1, in line 3, after “of” insert “altering the calculation of a certain grant to certain counties under certain circumstances;”; in line 15, after “purpose;” insert “making a conforming change;”; and after line 17, insert:

“BY repealing and reenacting, with amendments,

Article - Local Government

Section 16-501

Annotated Code of Maryland

(2013 Volume and 2020 Supplement)

(As enacted by Chapter 26 of the Acts of the General Assembly of 2021)”.

AMENDMENT NO. 2

On page 2, after line 2, insert:

“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 ANY OF the county’s income tax [rate was] RATES WERE less than 2.6%:

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

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(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:

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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)] **PARAGRAPHS (2) AND (3)** 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) **THIS PARAGRAPH APPLIES TO A COUNTY OR BALTIMORE CITY IF THE COUNTY OR BALTIMORE CITY HAS A SINGLE COUNTY INCOME TAX RATE.**

(II) 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.

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[(ii)] (III) 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)] (IV) 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;

3. in fiscal years 2019, 2020, and 2021, 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 75% of the amount determined under subsection (c)(3) of this section.

(3) (I) THIS PARAGRAPH APPLIES TO A COUNTY OR BALTIMORE CITY IF THE COUNTY OR BALTIMORE CITY HAS MORE THAN ONE COUNTY INCOME TAX RATE.

(II) IF EACH COUNTY INCOME TAX RATE IMPOSED BY A COUNTY OR BALTIMORE CITY IS AT LEAST 2.8% BUT LESS THAN 3.0%, THE COUNTY OR BALTIMORE CITY MAY RECEIVE A MINIMUM OF 20% OF THE AMOUNT DETERMINED UNDER SUBSECTION (C)(3) OF THIS SECTION.

(III) IF THE LOWEST COUNTY INCOME TAX RATE IMPOSED BY A COUNTY OR BALTIMORE CITY IS AT LEAST 2.9% AND EACH COUNTY INCOME TAX RATE IMPOSED ON MARYLAND TAXABLE INCOME GREATER THAN \$100,000 IS AT LEAST 3.0%, THE COUNTY OR BALTIMORE CITY MAY RECEIVE A MINIMUM OF 40% OF THE AMOUNT DETERMINED UNDER SUBSECTION (C)(3) OF THIS SECTION.

(IV) IF THE LOWEST COUNTY INCOME TAX RATE IMPOSED BY A COUNTY OR BALTIMORE CITY IS AT LEAST 3.1% AND EACH COUNTY INCOME TAX RATE IMPOSED ON MARYLAND TAXABLE INCOME GREATER THAN \$100,000 IS AT LEAST 3.2%, THE COUNTY OR BALTIMORE CITY MAY RECEIVE A MINIMUM OF 75% OF THE AMOUNT DETERMINED UNDER SUBSECTION (C)(3) OF THIS SECTION.”.