

# SENATE BILL 696

L6

1lr2760  
CF HB 793

---

By: **Senator Eckardt**

Introduced and read first time: February 3, 2021

Assigned to: Budget and Taxation

---

## A BILL ENTITLED

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 repealing a certain termination provision; and generally relating to income tax  
6 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 2020 Supplement)

12 BY repealing and reenacting, with amendments,  
13 Chapter 738 of the Acts of the General Assembly of 2016, as amended by Chapter  
14 472 of the Acts of the General Assembly of 2018  
15 Section 2

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

18 **Article – Local Government**

19 16–501.

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

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

---

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



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

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

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

5 (i) the county income tax collected from individuals for the taxable  
6 year that ended in the second prior fiscal year, based on tax returns filed through November  
7 1 of the year following the applicable taxable year; and

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

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

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

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

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

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

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

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

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

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

32 (e) (1) Except as provided in paragraph (2) of this subsection, for fiscal year

1 2011 and each subsequent fiscal year, the distribution provided to any county or Baltimore  
2 City under this section may not exceed the amount distributed to the county or Baltimore  
3 City for fiscal year 2010.

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

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

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

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

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

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

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

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

25 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect July  
26 1, 2016. [It shall remain effective for a period 5 years and, at the end of June 30, 2021, with  
27 no further action required by the General Assembly, this Act shall be abrogated and of no  
28 further force and effect.]

29 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect June  
30 1, 2021.