

SENATE BILL 835

F1, L1, B1

0lr1483

By: **Senators Currie and Peters**

Introduced and read first time: February 10, 2010

Assigned to: Budget and Taxation

A BILL ENTITLED

1 AN ACT concerning

2 **Equity in State Aid to Counties Act of 2010**

3 FOR the purpose of altering the calculation of certain distributions required to be
4 made to certain counties based on per capita yield of county income taxes;
5 altering the definition of “net taxable income” in the calculation of certain State
6 aid for education by changing a certain date; providing for the application of
7 this Act; and generally relating to the determination of net taxable income for
8 purposes of calculating State aid.

9 BY repealing and reenacting, with amendments,
10 Article 24 – Political Subdivisions – Miscellaneous Provisions
11 Section 9–1101
12 Annotated Code of Maryland
13 (2005 Replacement Volume and 2009 Supplement)

14 BY repealing and reenacting, with amendments,
15 Article – Education
16 Section 5–202(a)(9)
17 Annotated Code of Maryland
18 (2008 Replacement Volume and 2009 Supplement)

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

21 **Article 24 – Political Subdivision – Miscellaneous Provisions**

22 9–1101.

23 (a) (1) Subject to subsection (d) of this section, for each fiscal year, the
24 Comptroller shall distribute to a county the amount determined for each county under
25 this section.

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 (2) The amount a county shall receive under this section in any fiscal
2 year shall be based on the county income tax collected from individuals for the taxable
3 year that ended in the second prior fiscal year, from returns filed through [August 15]
4 **NOVEMBER 1** immediately preceding the applicable fiscal year, as determined by the
5 Comptroller.

6 (b) (1) For each fiscal year, the Comptroller shall determine as rounded to
7 the nearest cent:

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

10 1. Unless a county income tax rate of other than 2.54%
11 was in effect, the receipts described in subsection (a)(2) of this section;

12 2. The population of the county as last projected by the
13 Department of Health and Mental Hygiene for July 1 of the applicable taxable year or
14 the latest decennial census for the applicable taxable year; and

15 3. If the county income tax rate is other than 2.54% in
16 the applicable taxable year, the receipts described in subsection (a)(2) of this section
17 that would have been received if a county income tax rate of 2.54% had been in effect;
18 and

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

21 1. The total receipts for county income tax described in
22 subsection (a)(2) of this section for counties with an income tax rate of 2.54% in effect;

23 2. The State population as last projected by the
24 Department of Health and Mental Hygiene for July 1 of the applicable taxable year or
25 the latest decennial census for the applicable taxable year; and

26 3. For counties with an income tax rate of other than
27 2.54% in effect, the total receipts for county income tax described in subsection (a)(2) of
28 this section that would have been received if a county income tax rate of 2.54% had
29 been in effect.

30 (2) If the per capita yield of the county income tax for a county
31 determined under paragraph (1)(i) of this subsection is less than 75% of the per capita
32 statewide yield of the county income tax determined under paragraph (1)(ii) of this
33 subsection, the Comptroller shall determine the amount that would increase the
34 county per capita yield to equal 75% of the statewide per capita yield, as rounded to
35 the nearest dollar.

1 (3) A county may not receive a distribution under this subsection if the
2 county tax rate in that county was less than 2.4%:

3 (i) For the taxable year that ended in the second prior fiscal
4 year; or

5 (ii) For any subsequent taxable year through the taxable year
6 that ends in the current fiscal year.

7 (c) The Comptroller shall make payments of the additional amounts
8 provided under this section quarterly during the fiscal year for which the payment is
9 made.

10 (d) For fiscal year 2011 and each subsequent fiscal year, the distribution
11 provided to any county or Baltimore City under this section may not exceed the
12 amount distributed to the county or Baltimore City for fiscal year 2010.

13 **Article – Education**

14 5–202.

15 (a) (9) “Net taxable income” means the amount certified by the State
16 Comptroller for the second completed calendar year before the school year for which
17 the calculation of State aid under this section is made, based on tax returns filed on or
18 before [September] **NOVEMBER** 1 after this calendar year.

19 **SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect**
20 **June 1, 2010, and shall be applicable to the calculation of payments of State aid to**
21 **counties and Baltimore City for fiscal years beginning after June 30, 2010.**