

# HOUSE BILL 1214

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HB 1094/09 – W&M

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By: **Delegates Ross, Barnes, Benson, Braveboy, Davis, Frush, Gaines, Griffith, Healey, Holmes, Howard, Hubbard, Ivey, Levi, Niemann, Pena–Melnik, Proctor, Ramirez, V. Turner, Valderrama, Vallario, Vaughn, and Walker**  
Introduced and read first time: February 18, 2010  
Assigned to: Ways and Means

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## A BILL ENTITLED

1 AN ACT concerning

2 **Equity in Education Funding 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 yield of county income taxes; providing  
5 for the calculation of net taxable income for the calculation of certain State aid  
6 for education beginning in a certain fiscal year; providing for the allocation of  
7 funds for State aid for education resulting from certain calculations; providing  
8 for the allocation of federal funds under certain circumstances; providing for the  
9 application of this Act; and generally relating to the determination of net  
10 taxable income for purposes of certain State aid for education funding.

11 BY repealing and reenacting, with amendments,  
12 Article 24 – Political Subdivisions – Miscellaneous Provisions  
13 Section 9–1101  
14 Annotated Code of Maryland  
15 (2005 Replacement Volume and 2009 Supplement)

16 BY repealing and reenacting, without amendments,  
17 Article – Education  
18 Section 5–202(a)(9)  
19 Annotated Code of Maryland  
20 (2008 Replacement Volume and 2009 Supplement)

21 BY adding to  
22 Article – Education  
23 Section 5–202(a–1)  
24 Annotated Code of Maryland  
25 (2008 Replacement Volume and 2009 Supplement)

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EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.  
[Brackets] indicate matter deleted from existing law.



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

3 **Article 24 – Political Subdivisions – Miscellaneous Provisions**

4 9–1101.

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

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

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

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

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

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

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

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

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

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

33 3. For counties with an income tax rate of other than  
34 2.54% in effect, the total receipts for county income tax described in subsection (a)(2) of

1 this section that would have been received if a county income tax rate of 2.54% had  
2 been in effect.

3 (2) If the per capita yield of the county income tax for a county  
4 determined under paragraph (1)(i) of this subsection is less than 75% of the per capita  
5 statewide yield of the county income tax determined under paragraph (1)(ii) of this  
6 subsection, the Comptroller shall determine the amount that would increase the  
7 county per capita yield to equal 75% of the statewide per capita yield, as rounded to  
8 the nearest dollar.

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

11 (i) For the taxable year that ended in the second prior fiscal  
12 year; or

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

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

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

## 21 Article – Education

22 5–202.

23 (a) (9) “Net taxable income” means the amount certified by the State  
24 Comptroller for the second completed calendar year before the school year for which  
25 the calculation of State aid under this section is made, based on tax returns filed on or  
26 before September 1 after this calendar year.

27 **(A–1) (1) NOTWITHSTANDING THE DEFINITION OF NET TAXABLE**  
28 **INCOME SET FORTH IN SUBSECTION (A)(9) OF THIS SECTION, FOR FISCAL YEAR**  
29 **2012 AND EACH YEAR THEREAFTER, NET TAXABLE INCOME SHALL BE**  
30 **CALCULATED BASED ON TAX RETURNS FILED ON OR BEFORE SEPTEMBER 1 AND**  
31 **NOVEMBER 1.**

32 **(2) THE CALCULATION THAT RESULTS IN THE GREATER AMOUNT**  
33 **OF STATE AID FOR EACH COUNTY SHALL BE USED TO CALCULATE STATE AID**  
34 **FOR EDUCATION PROGRAMS THAT USE WEALTH TO CALCULATE THE FORMULAS.**

1           **(3) THE ALLOCATION OF ANY ADDITIONAL STATE AID THAT**  
2 **RESULTS FROM THE DIFFERENCE BETWEEN THE TWO CALCULATIONS SHALL BE**  
3 **PHASED IN PROPORTIONALLY TO THE EXTENT FUNDS ARE PROVIDED IN THE**  
4 **STATE BUDGET, PROVIDED THAT NO JURISDICTION SHALL RECEIVE LESS**  
5 **STATE AID FOR EDUCATION PROGRAMS THAT USE WEALTH TO CALCULATE THE**  
6 **FORMULAS THAN THE AMOUNT RECEIVED IN THE PRIOR FISCAL YEAR AS A**  
7 **RESULT OF THE CALCULATIONS UNDER PARAGRAPH (1) OF THIS SUBSECTION.**

8           SECTION 2. AND BE IT FURTHER ENACTED, That any additional federal  
9 funds received for primary and secondary education under a federal stimulus package  
10 should be applied to implementing the phase-in of the calculation of net taxable  
11 income as provided in § 5-202(a)(9) of the Education Article, as enacted by Section 1 of  
12 this Act, to the extent it is an eligible use of the federal funds.

13           SECTION 3. AND BE IT FURTHER ENACTED, That this Act shall take effect  
14 July 1, 2010, and shall be applicable to the calculation of payments of State aid for  
15 education for fiscal years beginning after June 30, 2011.