

SENATE BILL 397

Q3

7lr1560

By: **Senators Edwards and Madaleno**

Introduced and read first time: January 27, 2017

Assigned to: Budget and Taxation

A BILL ENTITLED

1 AN ACT concerning

2 **Local Income Tax Overpayments – Local Reserve Account Repayment –**
3 **Forgiveness**

4 FOR the purpose of repealing a requirement that a county or municipal corporation that
5 receives a certain overpayment of local income tax revenue reimburse a certain
6 account for its share of the overpayment; repealing a certain requirement that the
7 Comptroller withhold, under certain circumstances, the amount certain counties or
8 municipal corporations owe to a certain account from certain distributions;
9 prohibiting the Comptroller from requiring a county or municipal corporation that
10 receives an overpayment to reimburse a certain account; repealing a certain
11 requirement that the Comptroller perform a certain analysis before requiring a
12 county or municipal corporation to make a certain reimbursement; and generally
13 relating to the requirement that certain counties or municipal corporations repay
14 certain overpayments of local income tax revenue.

15 BY repealing and reenacting, with amendments,

16 Article – Tax – General
17 Section 2–611
18 Annotated Code of Maryland
19 (2016 Replacement Volume)

20 BY repealing

21 Chapter 24 of the Acts of the General Assembly of 2016
22 Section 2

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

25 **Article – Tax – General**

26 2–611.

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 (a) In this section, “account” means the Local Reserve Account established to
2 comply with § 2–606 of this subtitle.

3 (b) This section applies to a county or municipal corporation that receives an
4 overpayment or underpayment of local income tax revenue from the Comptroller.

5 (c) After reviewing income tax revenue distributions to a county or municipal
6 corporation, if the Comptroller determines that the county or municipal corporation
7 received an underpayment of income tax, the Comptroller shall initially pay the amount
8 due to the county or municipal corporation from the account.

9 (d) [(1)] After reviewing income tax revenue distributions to a county or
10 municipal corporation, if the Comptroller determines that the county or municipal
11 corporation received an overpayment of income tax, [the county or municipal corporation
12 shall reimburse the account for its share of the overpayment.

13 (2) If the affected county or municipal corporation does not reimburse the
14 account in a timely fashion, the Comptroller shall withhold the amount owed to the account
15 from the quarterly income tax distributions in forty equal installments beginning with the
16 first applicable quarterly distribution made after the county or municipal corporation has
17 made its final reimbursement payment, if required to do so, under § 27 of Chapter 489 of
18 the Acts of 2015, as amended.] **THE COMPTROLLER MAY NOT REQUIRE THE COUNTY
19 OR MUNICIPAL CORPORATION TO REIMBURSE THE ACCOUNT FOR ITS SHARE OF THE
20 OVERPAYMENT.**

21 (e) A determination by the Comptroller under this section that a county or
22 municipal corporation received an underpayment or overpayment of income tax shall be
23 based on a full accounting of income tax returns for the taxable year for which the county
24 or municipal corporation received the underpayment or overpayment.

25 SECTION 2. AND BE IT FURTHER ENACTED, That the Laws of Maryland read
26 as follows:

27 **Chapter 24 of the Acts of 2016**

28 [SECTION 2. AND BE IT FURTHER ENACTED, That the Comptroller may not
29 require a county or municipal corporation to make a reimbursement payment under §
30 2–611 of the Tax – General Article until the Comptroller completes a statewide analysis to
31 determine the number of counties or municipal corporations that received an overpayment
32 or underpayment of local income tax revenue.]

33 SECTION 3. AND BE IT FURTHER ENACTED, That this Act shall take effect July
34 1, 2017.