

## Chapter 699

**(Senate Bill 397)**

AN ACT concerning

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

FOR the purpose of repealing a requirement that a county or municipal corporation that receives a certain overpayment of local income tax revenue reimburse a certain account for its share of the overpayment; repealing a certain requirement that the Comptroller withhold, under certain circumstances, the amount certain counties or municipal corporations owe to a certain account from certain distributions; prohibiting the Comptroller from requiring a county or municipal corporation that receives an overpayment to reimburse a certain account; repealing a certain requirement that the Comptroller perform a certain analysis before requiring a county or municipal corporation to make a certain reimbursement; stating the intent of the General Assembly; and generally relating to the requirement that certain counties or municipal corporations repay certain overpayments of local income tax revenue.

BY repealing and reenacting, with amendments,  
 Article – Tax – General  
 Section 2–611  
 Annotated Code of Maryland  
 (2016 Replacement Volume)

BY repealing  
 Chapter 24 of the Acts of the General Assembly of 2016  
 Section 2

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

**Article – Tax – General**

2–611.

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

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

(c) After reviewing income tax revenue distributions to a county or municipal corporation, if the Comptroller determines that the county or municipal corporation

received an underpayment of income tax, the Comptroller shall initially pay the amount due to the county or municipal corporation from the account.

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

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

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

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

### **Chapter 24 of the Acts of 2016**

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

SECTION 3. AND BE IT FURTHER ENACTED, That it is the intent of the General Assembly that the Comptroller return from the Local Reserve Account any reimbursement payment made by a county or municipal corporation under Chapter 24 of the Acts of the General Assembly of 2016.

SECTION ~~3~~ 4. AND BE IT FURTHER ENACTED, That this Act shall take effect July 1, 2017.

**Approved by the Governor, May 25, 2017.**