

COUNTY COUNCIL OF WICOMICO COUNTY, MARYLAND
LEGISLATIVE SESSION, 2012
BILL NO. 2012-02

Introduced: March 20, 2012

BY: The Council President at the request of the County Executive.

AN ACT to amend Chapter 203 of the Wicomico County Code, titled "Taxation," Section 203-13, titled "Tax Levied," to modify the County Income Tax Rate from an effective rate of 3.1% to 3.2%.

PREAMBLE

In fiscal year 2009 the County appropriated 50.2 Million Dollars to the Board of Education. Due to the worsening economy, to prepare for fiscal year 2010, Wicomico County implemented a hiring freeze, instructed departments to postpone non-critical infrastructure improvements, and told department directors to slash their department's total fiscal year 2010 budget request (including both expenditures and salaries) by 10%. In addition the County proposed reducing the appropriation to the Board of Education by 2 Million Dollars, which would include eliminating a \$577,000 incremental increase to meet the maintenance of effort requirement. A waiver of the maintenance of effort request was submitted and denied by the State Board of Education. Subsequent cooperative efforts with the Board of Education resulted in a proposal to meet the maintenance of effort requirement by the use of capital funds in the School capital construction savings account. This proposal was held to have met the maintenance of effort requirement by the Attorney General.

Facing continued deterioration of revenues in the preparation of the fiscal year 2011 operating budget, the County proposed a 15% reduction from the Board of Education's request for 50.6 Million Dollars, proposing an appropriation of ~~42.2~~ 43.2 Million dollars, a \$7,400,000 reduction. Again the County submitted a waiver of maintenance of effort request. On this occasion the State Board of Education gave "substantial weight to the County's significant fiscal distress coupled with flaws in the statute that penalize the Wicomico County Public Schools because the County government cannot meet its MOE requirement" and granted the waiver request.

Wicomico County again submitted a waiver request for fiscal year 2012 reflecting the county's fiscal condition, which was believed to significantly impede its ability to meet the maintenance of effort funding requirement. At the time of the submission of the request it appeared that failure to obtain a waiver would result in the loss of state financial aid to the Board of Education. Subsequently it was determined that no penalty would be imposed on the Board of Education in fiscal year 2012 if the County failed to meet maintenance of effort and the waiver request was withdrawn. Failure to meet the maintenance of effort and the absence of a waiver resulted in the maintenance of effort being reset to the amount appropriated (36.2 Million Dollars) in fiscal year 2012

Legislation is currently pending in the General Assembly which would result in substantial changes to the maintenance of effort calculation and enforcement process. This legislation would permit the State to divert income tax revenue due the County to the Board of Education, in the event the County failed to meet maintenance of effort. In addition, the legislation alters the reset of the maintenance of effort level retroactively and would subject the County to an increase in the maintenance of effort level for fiscal year 2013 in the amount of 14.2 Million Dollars.

This elimination of the reset or rebase would not be applicable to counties which meet certain criteria, one of which is the adoption of the maximum county income tax rate of 3.2%.

The Tax-General Article of the Annotated Code of Maryland, Title 10, titled "Income Tax" Section 10-106, titled "County Income Tax Rate" requires each county to set a county income tax rate as a percentage of an individual's Maryland taxable income not to exceed 3.20% for taxable years beginning after December 31, 2001.

In order to avoid the fiscal impact which would occur if the County were required to fund an additional 14.2 Million Dollars in fiscal year 2013 and which would increase the maintenance effort amount in each subsequent year, the County Executive recommends and the County Council concurs with the increase in the County income tax rate to 3.2%.

SECTION I. BE IT ENACTED AND ORDAINED BY THE COUNTY COUNCIL OF WICOMICO COUNTY, MARYLAND, IN LEGISLATIVE SESSION, under and by virtue of the directive contained in Section 10-106 of the Tax-General Article of the Annotated Code of Maryland, to set a county income tax rate, Chapter 203 of the Wicomico County Code, titled "Taxation" Section 203-13 is hereby amended to read as follows:

Chapter 203

TAXATION

* * *

ARTICLE V

~~LOCAL~~ COUNTY Income Tax

§ 203-13. ~~Tax levied~~ RATE OF TAX.

Pursuant to the power, authority and requirement contained in Section 283 of Article 81, as enacted by Chapter 142 of the Acts of the 1967 General Assembly as amended by Chapters 452 and 656 of the Acts of the 1968 General Assembly, and as further amended by Chapter 2 of the Acts of the 1992 General Assembly (First Special Session), set out in § 10-106 of the Tax - General Volume ARTICLE of the ANNOTATED CODE OF Maryland Code, A COUNTY INCOME TAX RATE OF 3.2% OF AN INDIVIDUAL'S MARYLAND TAXABLE INCOME IS ESTABLISHED COMMENCING JANUARY 1, 2013. ~~an income tax of 60% of the state income tax liability is levied upon the residents of Wicomico County for the calendar year beginning January 1, 1994.~~

§ 203-14. When effective.

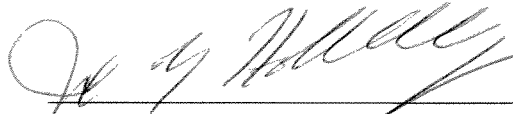
This rate shall continue in effect for each succeeding calendar year until changed by the County Council on or before July 1 in the calendar year in which the rate is established.

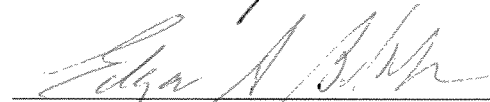
SECTION II: BE IT FURTHER ORDAINED, That the rate set by this Bill shall take effect for the calendar year beginning January 1, 2013. On or before July 1, 2012, the Director of Finance shall notify the Comptroller of the Treasury of this new rate and its effective date.

SECTION III. BE IT FURTHER ENACTED that this Bill shall be known as Bill No. 2012-02 of Wicomico County, Maryland and shall take effect sixty (60) days after its enactment, unless a proper Petition for Referendum thereof shall be filed prior to said date; in which event, the Bill shall not take effect until the expiration of thirty (30) days following the approval of this Bill by a majority of the qualified voters of the County voting in any such referendum.

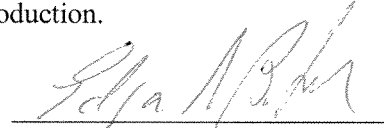
Certified correct as passed and adopted by the County Council of Wicomico County, Maryland
this 17th day of April, 2012.

WICOMICO COUNTY, MARYLAND


BY: Joe Holloway, President


BY: Edgar A. Baker, Jr., Secretary

I HEREBY CERTIFY that twenty-five (25) copies of the above Bill are available for
distribution to the public and press at the time of its introduction.


Edgar A. Baker, Jr., Secretary

Explanation:

CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

Strike out indicates material deleted from law.

CAPITAL - STRIKE OUT indicates matter stricken from Bill by Amendment.

Underlining indicates Amendments to Bill

COUNTY COUNCIL
OF
WICOMICO COUNTY, MARYLAND

BILL NO. 2012-02

INTRODUCED BY: Council at request of Executive

Legislative Day No. 07

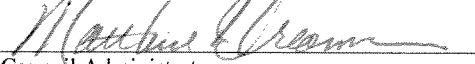
Date: March 20, 2012

Introduced, read first time, ordered posted and public hearing scheduled on: April 17, 2012

Time: 10:30 a.m.


AN ACT to amend Chapter 203 of the Wicomico County Code, titled "Taxation," Section 203-13, titled "Tax Levied," to modify the County Income Tax Rate from an effective rate of 3.1% to 3.2%.

PUBLIC HEARING: Having been posted and notice of time and place of hearing and title of Bill having been published according to the Charter, a public hearing was held on April 17, 2012 and concluded on April 17, 2012.

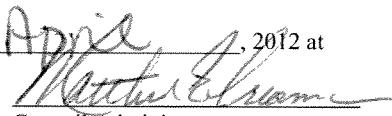

Council Administrator

CERTIFICATION

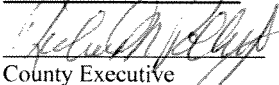
The undersigned hereby certifies that this Bill was Approved and Adopted by the County Council of Wicomico County, Maryland, on the 17th day of April, 2012.


Council Administrator

Presented to the County Executive for approval this 24th day of April, 2012 at
12:25 a.m./p.m.
(5 days §411)


Council Administrator

BY THE EXECUTIVE:


County Executive

APPROVED

Date: April 24, 2012
(21 days §411)

VETOED

Date: _____


EFFECTIVE DATE:

This Bill having been approved by the County Executive and returned to the Council, becomes law on April 24, 2012 and effective on: June 23, 2012 (60 days §311)


ENROLLMENT:

Legislative Bill No. 2012-02 is herewith submitted to the County Council of Wicomico County for enrollment as being the text as finally passed.

CERTIFIED TRUE AND CORRECT


Council Administrator
Date: April 25, 2012

ENROLLED


Council President
Date: April 25, 2012