



THE PRINCE GEORGE'S COUNTY GOVERNMENT

Chairman
Derrick Leon Davis
Council Member, District 6

MAR 28 2017

The Hon. Edward J. Kasemeyer, Chair
Senate Budget and Taxation
3 West Miller Senate Office Building
Annapolis, Maryland 21401-1991

The Hon. Anne R. Kaiser, Chair
House Ways and Means
Lowe House Office Building, Room 131
Annapolis, Maryland 21401-1991


Re: **Bill Position** – SB 397/HB 1433 – Local Income Tax Overpayments – Local Reserve Account Repayment – Forgiveness – **SUPPORT AS AMENDED**

Dear Senator Kasemeyer & Delegate Kaiser:

It is my pleasure, on behalf of the Prince George's County Council, to transmit our position on SB 397/HB 1433 – Local Income Tax Overpayments – Local Reserve Account Repayment – Forgiveness, which is before you this 2017 General Assembly Session. The Council met on March 28, 2017. The enclosed statement reflects our position as the bill is currently drafted.

The Council appreciates the opportunity to work together with you and your colleagues to address issues important to Maryland citizens and the operation of Prince George's County. Should you have any questions or need additional information please do not hesitate to contact me. For your convenience my office phone number is (301) 952-3426. Thanks again, for favorable consideration of the Council's position.

Sincerely,



Derrick L. Davis
Chair

Enclosure

cc:
Hon. George C. Edwards, District 1
Hon. Geraldine Valentino-Smith, District 23A
Hon. Rushern L. Baker, III, County Executive

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THE PRINCE GEORGE'S COUNTY GOVERNMENT

(301) 952-3700
County Council

POSITION STATEMENT

(SB 397/HB 1433)
Senator Edwards
Delegate Valentino-
Smith

Local Income Tax Overpayments – Local Reserve
Account Repayment – Forgiveness

POSITION:

SUPPORT AS AMENDED

SB 397/HB 1433 – Local Income Tax Overpayments – Local Reserve Account Repayment – Forgiveness repeals the requirement that a county or municipality that is determined to have received an overpayment of local income tax revenues pursuant to Chapter 24 of 2016 must reimburse the local income tax reserve account for the amount of the overpayment. The bill also specifies that it is the intent of the General Assembly that the Comptroller return from the local income tax reserve account any reimbursement payment made by a county or municipality pursuant to Chapter 24.

Every year the Comptroller distributes to each county, municipality, and special taxing district its share of income tax revenue. Due to address misclassifications, some municipalities have received overpayments with a corresponding amount of underpayments to other municipalities. Repealing the requirement that local jurisdictions repay these overpayments of local income tax revenues in FY 2024 through 2034 will prevent revenue losses of approximately \$21 million for those jurisdictions.

For certain, those municipalities that were advised that due to coding errors, they had made an overpayment, were happily awaiting a reimbursement check. But for those municipalities that were advised of an underpayment, the realization of the State's error for them was quite grim. The costs associated with repayment would have a negative impact against their budgets for many years to come. And so, this bill forgives the income tax debt triggered by income tax overpayments made by the State to municipalities, repeals the requirement to pay this back to the State, and reimburses any jurisdiction that has already made a repayment. According to the Comptroller, each of Prince George's County's 27 municipalities are impacted.

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SB 397/HB 1433 – SUPPORT AS AMENDED

Therefore, the Prince George's County Council appreciates the opportunity to give assistance to our municipalities by offering our **SUPPORT** for SB 397/HB 1433 **as it is currently amended**. We respectfully request your favorable consideration of our position.

Prepared by: Tony Perez
 LA Perez Consulting
 Maurice Simpson
 Jennifer A. Jenkins
 On behalf of Prince George's County Council