

SENATE BILL 371

B1, Q3

7lr1195
CF HB 503

By: **Senators Manno, Kasemeyer, DeGrange, King, Madaleno, Mathias, McFadden, Middleton, and Miller**

Introduced and read first time: January 26, 2017

Assigned to: Budget and Taxation

Committee Report: Favorable with amendments

Senate action: Adopted

Read second time: March 22, 2017

CHAPTER _____

1 AN ACT concerning

2 **State Budget – Appropriations – Income Tax Revenue Estimate Cap and**
3 **Revenue Stabilization Account**

4 FOR the purpose of requiring the Bureau of Revenue Estimates, beginning with the
5 revenue estimate for a certain fiscal year, to calculate a certain share of General
6 Fund revenues represented by certain nonwithholding income tax revenues;
7 specifying how the Bureau shall make the calculation; requiring the Bureau to make
8 a certain adjustment to a certain revenue estimate relating to nonwithholding
9 income tax revenues under certain circumstances; prohibiting the adjustment made
10 by the Bureau from exceeding a certain percentage of General Fund revenues;
11 requiring the Consensus Revenue Monitoring and Forecasting Group to develop and
12 recommend to the Bureau a certain methodology for determining a certain share of
13 certain nonwithholding income tax revenues; requiring the Board of Revenue
14 Estimates to approve a certain methodology for determining a certain share of
15 certain nonwithholding income tax revenues; altering the required contents of
16 certain reports from the Bureau and the Board; ~~altering the circumstances under~~
17 ~~which the Governor is required to include certain appropriations in the budget bill~~
18 ~~to the Revenue Stabilization Account; altering the amount of the appropriations to~~
19 ~~the Account that the Governor is required to include under certain circumstances;~~
20 ~~altering the circumstances under which the Governor is authorized to transfer funds~~
21 ~~from the Account to General Fund revenues; stating a certain goal of the State for~~
22 ~~certain revenues retained in the Revenue Stabilization Account; establishing the~~
23 ~~Extraordinary Nonwithholding Income Tax Revenues Fiscal Responsibility Fund as~~
24 a special, nonlapsing fund; specifying the purpose of the Fund; requiring the State

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.

Underlining indicates amendments to bill.

~~Strike out~~ indicates matter stricken from the bill by amendment or deleted from the law by amendment.



Comptroller to administer the Fund; requiring the State Treasurer to hold the Fund and the State Comptroller to account for the Fund; specifying the contents of the Fund; specifying the purpose for which the Fund may be used; providing for the investment of money in and expenditures from the Fund; requiring the Governor, under certain circumstances, to include in the budget bill for a certain fiscal year certain appropriations from the Fund for certain purposes; requiring the State Comptroller to make certain distributions of certain nonwithholding income tax revenues to the Fund and the Revenue Stabilization Account in certain fiscal years; defining certain terms; requiring the Consensus Revenue Monitoring and Forecasting Group to study a certain methodology and, if necessary, make certain recommendations to the General Assembly on or before a certain date; and generally relating to appropriations of certain income tax revenues and appropriations to the Revenue Stabilization Account.

BY repealing and reenacting, with amendments,
Article – State Finance and Procurement
Section 6–104 through 6–106 and 7–311
Annotated Code of Maryland
(2015 Replacement Volume and 2016 Supplement)

BY adding to
Article – State Finance and Procurement
Section 7–329 and 7–330
Annotated Code of Maryland
(2015 Replacement Volume and 2016 Supplement)

BY repealing and reenacting, with amendments,
Article – Tax – General
Section 2–609
Annotated Code of Maryland
(2016 Replacement Volume)

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

Article – State Finance and Procurement

6–104.

(A) (1) IN THIS SECTION, “NONWITHHOLDING INCOME TAX REVENUES” MEANS THE STATE SHARE OF INCOME TAX QUARTERLY ESTIMATED AND FINAL PAYMENTS WITH RETURNS MADE BY INDIVIDUALS, AS DEFINED IN § 10–101 OF THE TAX – GENERAL ARTICLE.

(2) “NONWITHHOLDING INCOME TAX REVENUES” DOES NOT INCLUDE:

1 **(I) THE COUNTY SHARE OF INCOME TAX QUARTERLY**
2 **ESTIMATED AND FINAL PAYMENTS WITH RETURNS MADE BY INDIVIDUALS;**

3 **(II) INCOME TAX PAYMENTS MADE BY CORPORATIONS;**

4 **(III) INCOME TAX REFUNDS PAID TO INDIVIDUALS OR**
5 **CORPORATIONS; OR**

6 **(IV) INCOME TAX WITHHOLDING.**

7 **[(a)] (B)** (1) After the end of each fiscal year, the Bureau shall submit to the
8 Board a report that:

9 (i) contains an itemized statement of the State revenues from all
10 sources for that fiscal year; and

11 (ii) includes any recommendations of the Bureau.

12 (2) In December, March, and September of each year, the Bureau shall
13 submit to the Board a report that contains an itemized statement of the estimated State
14 revenues from all sources for the fiscal year following the fiscal year in which the report is
15 made.

16 (3) The Bureau shall provide to the Board any other information that the
17 Board requests.

18 (4) Notwithstanding any other provision of law, the reports required under
19 paragraphs (1) and (2) of this subsection shall include an itemized statement of:

20 (i) revenues or estimated revenues distributed to the
21 Transportation Trust Fund, including the motor fuel taxes imposed under Title 9, Subtitle
22 3 of the Tax – General Article and motor vehicle titling taxes imposed under Title 13,
23 Subtitle 8 of the Transportation Article; **[and]**

24 (ii) revenues from the State transfer tax imposed under Title 13,
25 Subtitle 2 of the Tax – Property Article; **AND**

26 **(III) ESTIMATED REVENUES FROM NONWITHHOLDING INCOME**
27 **TAXES CALCULATED IN ACCORDANCE WITH SUBSECTION (E) OF THIS SECTION.**

28 **[(b)] (C)** In addition to these reports, the Bureau shall continually conduct
29 studies of State revenue sources to:

30 (1) determine the amount of revenue produced; and

(2) devise and recommend new methods and sources for improved efficiency, equity, and economy in production, collection, and estimation of revenue.

[(c)](D) (1) On or before December 1, 2008, and December 1 of every third year thereafter, the Bureau shall submit to the Governor and, in accordance with § 2–1246 of the State Government Article, to the General Assembly a tax incidence study measuring the burden of all the major taxes imposed by the State and how that burden is shared among taxpayers of different income levels.

(2) The Bureau shall prepare and submit the statistics of income report required under § 10–223 of the Tax – General Article.

(E) (1) BEGINNING WITH THE REVENUE ESTIMATE FOR FISCAL YEAR 2020, THE BUREAU SHALL CALCULATE THE SHARE OF GENERAL FUND REVENUES REPRESENTED BY NONWITHHOLDING INCOME TAX REVENUES IN ACCORDANCE WITH THIS SUBSECTION.

(2) (I) FOR EACH FISCAL YEAR, THE BUREAU SHALL CALCULATE THE 10–YEAR AVERAGE SHARE OF GENERAL FUND REVENUES REPRESENTED BY NONWITHHOLDING INCOME TAX REVENUES.

(II) 1. FOR EACH FISCAL YEAR, THE 10–YEAR AVERAGE SHALL USE THE 10 MOST RECENTLY COMPLETED FISCAL YEARS FOR WHICH DATA ARE AVAILABLE WHEN THE ESTIMATE IS PREPARED IN THE SEPTEMBER BEFORE THE BEGINNING OF THE FISCAL YEAR.

2. THE SAME 10–YEAR AVERAGE SHALL BE USED IN ALL SUBSEQUENT REVISIONS TO THE REVENUE ESTIMATE FOR THAT FISCAL YEAR.

(3) (I) SUBJECT TO SUBPARAGRAPH (II) OF THIS PARAGRAPH, FOR EACH FISCAL YEAR, IF THE BUREAU’S ESTIMATE OF THE SHARE OF GENERAL FUND REVENUES FROM NONWITHHOLDING INCOME TAX REVENUES IS ABOVE THE 10–YEAR AVERAGE SHARE, THE BUREAU SHALL ADJUST THE REVENUE ESTIMATE BY REDUCING GENERAL FUND REVENUES FROM NONWITHHOLDING INCOME TAX REVENUES BY AN AMOUNT SUFFICIENT TO ALIGN THE ESTIMATED SHARE OF GENERAL FUND REVENUES FROM NONWITHHOLDING INCOME TAX REVENUES WITH THE 10–YEAR AVERAGE SHARE OF GENERAL FUND REVENUES FROM NONWITHHOLDING INCOME TAXES.

(II) THE ADJUSTMENT MADE UNDER SUBPARAGRAPH (I) OF THIS PARAGRAPH MAY NOT EXCEED 2% OF TOTAL GENERAL FUND REVENUES.

(III) THE CAPPED ESTIMATE CALCULATED UNDER THIS PARAGRAPH SHALL BE INCORPORATED IN THE REVENUE ESTIMATE THE BUREAU

1 SHALL REPORT TO THE BOARD IN THE REPORT REQUIRED UNDER SUBSECTION
2 (B)(2) OF THIS SECTION.

3 6–105.

4 (a) (1) In this section[,] THE FOLLOWING WORDS HAVE THE MEANINGS
5 INDICATED.

6 (2) “Group” means the Consensus Revenue Monitoring and Forecasting
7 Group established under this section.

8 (3) (I) “STATE SHARE OF NONWITHHOLDING INCOME TAX
9 REVENUES” MEANS THE STATE SHARE OF INCOME TAX QUARTERLY ESTIMATED AND
10 FINAL PAYMENTS WITH RETURNS MADE BY INDIVIDUALS, AS DEFINED IN § 10–101
11 OF THE TAX – GENERAL ARTICLE.

12 (II) “STATE SHARE OF NONWITHHOLDING INCOME TAX
13 REVENUES” DOES NOT INCLUDE:

14 1. THE COUNTY SHARE OF INCOME TAX QUARTERLY
15 ESTIMATED AND FINAL PAYMENTS WITH RETURNS MADE BY INDIVIDUALS;

16 2. INCOME TAX PAYMENTS MADE BY CORPORATIONS;

17 3. INCOME TAX REFUNDS PAID TO INDIVIDUALS OR
18 CORPORATIONS; OR

19 4. INCOME TAX WITHHOLDING.

20 (b) There is a Consensus Revenue Monitoring and Forecasting Group.

21 (c) The Group consists of:

22 (1) the Chief and staff of the Bureau as designated by the Chief;

23 (2) the Deputy Comptroller with responsibility for tax administration and
24 staff as designated by the Deputy Comptroller with responsibility for tax administration;

25 (3) staff of the Office of the Treasurer as designated by the Treasurer;

26 (4) staff of the Department of Budget and Management as designated by
27 the Secretary of Budget and Management;

28 (5) staff of the Department of Transportation as designated by the
29 Secretary of Transportation; and

(6) staff of the Office of Policy Analysis of the Department of Legislative Services as designated by the Director of the Office.

(d) The Chief shall chair the Group.

(e) The Group and its constituent units shall:

(1) review and analyze attainment of revenues on a monthly basis; [and]

(2) advise and collaborate with the Bureau:

(i) in the development of revenue forecasts and any necessary revisions to those forecasts; and

(ii) in the performance of any pertinent studies or analyses as requested by the Chief or as directed by the Board; AND

(3) DEVELOP AND RECOMMEND TO THE BUREAU A METHODOLOGY FOR DETERMINING THE STATE SHARE OF NONWITHHOLDING INCOME TAX REVENUES FOR EACH FISCAL YEAR.

(f) To assist the Group in performing its function, the Comptroller and the Bureau shall:

(1) within 7 calendar days after the end of each month, provide to members of the Group detailed data on revenue collections; and

(2) before any document relating to the work of the Bureau is published, provide a draft of the document to the members of the Group for review and comment.

6–106.

(A) (1) IN THIS SECTION, “NONWITHHOLDING INCOME TAX REVENUES” MEANS THE STATE SHARE OF INCOME TAX QUARTERLY ESTIMATED AND FINAL PAYMENTS WITH RETURNS MADE BY INDIVIDUALS, AS DEFINED IN § 10–101 OF THE TAX – GENERAL ARTICLE.

(2) “NONWITHHOLDING INCOME TAX REVENUES” DOES NOT INCLUDE:

(I) THE COUNTY SHARE OF INCOME TAX QUARTERLY ESTIMATED AND FINAL PAYMENTS WITH RETURNS MADE BY INDIVIDUALS;

(II) INCOME TAX PAYMENTS MADE BY CORPORATIONS;

1 (III) INCOME TAX REFUNDS PAID TO INDIVIDUALS OR
2 CORPORATIONS; OR

3 (IV) INCOME TAX WITHHOLDING.

4 [(a)] (A-1) The Board shall:

5 (1) study the information that the Bureau provides; and

6 (2) consider the recommendations of the Bureau.

7 (b) (1) In December, March, and September of each year, the Board shall
8 submit to the Governor and, in accordance with § 2-1246 of the State Government Article,
9 to the General Assembly, a report that:

10 (i) contains an itemized statement of the estimated State revenues
11 from all sources for the fiscal year following the fiscal year in which the report is made; and

12 (ii) includes any recommendations of the Board.

13 (2) (i) Subject to subparagraph (ii) of this paragraph, the Governor
14 shall state the most recent estimates of revenues reported by the Board in the proposed
15 budget and any supplemental budget submitted to the General Assembly.

16 (ii) If the Governor uses different estimates of revenues in the
17 formulation of the proposed budget and any supplemental budget submitted to the General
18 Assembly than those reported by the Board, a statement providing an explanation as to the
19 differences shall be included together with those submissions.

20 (3) THE REPORT REQUIRED UNDER PARAGRAPH (1) OF THIS
21 SUBSECTION SHALL INCLUDE ESTIMATED REVENUES FROM NONWITHHOLDING
22 INCOME TAXES CALCULATED IN ACCORDANCE WITH § 6-104(E) OF THIS SUBTITLE.

23 (C) THE BOARD SHALL APPROVE A METHODOLOGY FOR DETERMINING THE
24 STATE SHARE OF NONWITHHOLDING INCOME TAX REVENUES FOR EACH FISCAL
25 YEAR.

26 7-311.

27 (a) (1) In this section the following words have the meanings indicated.

28 (2) “Account” means the Revenue Stabilization Account.

29 (3) “Estimated General Fund revenues” means the estimated General
30 Fund revenues for a fiscal year stated in the report of the Board of Revenue Estimates

submitted to the Governor under § 6–106 of this article in December preceding the fiscal year.

(4) “UNAPPROPRIATED GENERAL FUND SURPLUS” DOES NOT INCLUDE THE AMOUNT OF NONWITHHOLDING INCOME TAX REVENUES THAT EXCEED THE CAPPED ESTIMATE DETERMINED UNDER § 6–104(E) OF THIS ARTICLE.

(b) **(1)** The Revenue Stabilization Account is established to retain State revenues for future needs and reduce the need for future tax increases by moderating revenue growth.

(2) IT IS THE GOAL OF THE STATE THAT 10% OF ESTIMATED GENERAL FUND REVENUES IN EACH FISCAL YEAR BE RETAINED IN THE ACCOUNT.

(c) The Account is a continuing, nonlapsing fund which is not subject to § 7–302 of this subtitle.

(d) The Account consists of:

(1) money appropriated in the State budget to the Account; ~~and~~

(2) MONEY DISTRIBUTED TO THE ACCOUNT BY THE STATE COMPTROLLER AS PROVIDED IN § 7–329 OF THIS SUBTITLE; AND

~~(2) (3)~~ interest or other income earned from the investment of any portion of this Account or any other account in the State Reserve Fund.

(e) **(1)** Except as provided in subsection (f) of this section, for each fiscal year~~†~~:

~~(1) (I)~~ if the Account balance is below 3% of the estimated General Fund revenues for that fiscal year, the Governor shall include in the budget bill an appropriation to the Account equal to at least \$100,000,000; and

~~(2) (II)†~~, if the Account balance is ~~†at least 3% but†~~ less than ~~†7.5%† 10%~~ of the estimated General Fund revenues for that fiscal year, the Governor shall include in the budget bill an appropriation to the Account equal to at least the lesser of \$50,000,000 or whatever amount is required for the Account balance to exceed ~~†7.5%† 10%~~ of the estimated General Fund revenues for that fiscal year.

(2) AT THE END OF FISCAL YEAR 2020 AND EACH FISCAL YEAR THEREAFTER, IF THE AMOUNT OF NONWITHHOLDING INCOME TAX REVENUES EXCEEDS THE CAPPED ESTIMATE DETERMINED UNDER § 6–104(E) OF THIS ARTICLE, THE STATE COMPTROLLER SHALL DISTRIBUTE FUNDS AS PROVIDED IN § 7–329(C) AND (D)(1) OF THIS SUBTITLE.

(f) (1) The appropriations required by subsection (e)(1) of this section are not required when the Account balance exceeds ~~7.5%~~ **10%** of the estimated General Fund revenues.

(2) THE DISTRIBUTIONS REQUIRED BY SUBSECTION (E)(2) OF THIS SECTION ARE NOT REQUIRED WHEN THE ACCOUNT BALANCE EXCEEDS 10% OF THE ESTIMATED GENERAL FUND REVENUES FOR THAT FISCAL YEAR.

(g) (1) Unless the transfer would result in an Account balance below ~~5%~~ **7.5%** of the estimated General Fund revenues for the fiscal year in which the transfer is made, if authorized by an act of the General Assembly or specifically authorized in the State budget bill as enacted, the Governor may transfer funds from the Account to General Fund revenues as necessary to support the operation of State government on a temporary basis.

(2) If the transfer would result in an Account balance below ~~5%~~ **7.5%** of the estimated General Fund revenues for the fiscal year in which the transfer is made, the Governor may transfer funds from the Account to General Fund revenues only if the transfer is authorized by an act of the General Assembly other than the State budget bill.

(h) If the budget bill as submitted to the General Assembly includes a transfer of funds from the Account pursuant to subsection (g) of this section, the budget bill as enacted by the General Assembly may provide for a reduction of the amount of the transfer from the Account by an amount up to the amount of the reductions made by the General Assembly in the General Fund appropriations.

(i) Funds of the Account may only be transferred from the Account as provided in this section and are not subject to transfer by budget amendment.

(j) (1) Except as provided in paragraph (2) of this subsection, for fiscal year 2007 and for each subsequent fiscal year, the Governor shall include in the budget bill an appropriation:

(i) for each of fiscal years 2017, 2018, and 2019, to the accumulation funds of the State Retirement and Pension System an amount, up to a maximum of \$50,000,000, that is equal to one-half of the amount by which the unappropriated General Fund surplus as of June 30 of the second preceding fiscal year exceeds \$10,000,000;

(ii) for fiscal year 2020:

1. to the accumulation funds of the State Retirement and Pension System an amount, up to a maximum of \$50,000,000, that is equal to one-half of the amount by which the unappropriated General Fund surplus as of June 30 of the second preceding fiscal year exceeds \$10,000,000; and

2. to the Account equal to the amount by which the unappropriated General Fund surplus as of June 30 of the second preceding fiscal year

exceeds \$10,000,000, less the amount of the appropriation under item 1 of this paragraph;
and

(iii) for fiscal year 2021 and each fiscal year thereafter, to the Account equal to the amount by which the unappropriated General Fund surplus as of June 30 of the second preceding fiscal year exceeds \$10,000,000.

(2) The appropriation required under this subsection for any fiscal year may be reduced by the amount of any appropriation to the Account required to be included for that fiscal year under subsection (e) of this section.

7-329.

(A) (1) IN THIS SECTION THE FOLLOWING WORDS HAVE THE MEANINGS INDICATED.

(2) "FUND" MEANS THE ~~EXTRAORDINARY NONWITHHOLDING INCOME TAX REVENUES~~ FISCAL RESPONSIBILITY FUND ESTABLISHED UNDER § 7-330 OF THIS SUBTITLE.

(3) (I) "NONWITHHOLDING INCOME TAX REVENUES" MEANS THE STATE SHARE OF INCOME TAX QUARTERLY ESTIMATED AND FINAL PAYMENTS WITH RETURNS MADE BY INDIVIDUALS, AS DEFINED IN § 10-101 OF THE TAX – GENERAL ARTICLE.

(II) "NONWITHHOLDING INCOME TAX REVENUES" DOES NOT INCLUDE:

1. THE COUNTY SHARE OF INCOME TAX QUARTERLY ESTIMATED AND FINAL PAYMENTS WITH RETURNS MADE BY INDIVIDUALS;
2. INCOME TAX PAYMENTS MADE BY CORPORATIONS;
3. INCOME TAX REFUNDS PAID TO INDIVIDUALS OR CORPORATIONS; OR
4. INCOME TAX WITHHOLDING.

(B) AT THE END OF FISCAL YEAR 2020, AND EACH FISCAL YEAR THEREAFTER, IF ~~THE GENERAL FUND CLOSES WITH A DEFICIT~~ REVENUES FOR THE FISCAL YEAR ARE LESS THAN THE MARCH ESTIMATE OF THE BOARD OF REVENUE ESTIMATES, THE AMOUNT OF NONWITHHOLDING INCOME TAX REVENUES THAT EXCEEDS THE CAPPED ESTIMATE DETERMINED UNDER § 6-104(E) OF THIS ARTICLE SHALL BE APPLIED TO CLOSE THE GAP IN REVENUES FOR THAT FISCAL YEAR.

(C) IF THE AMOUNT OF NONWITHHOLDING INCOME TAX REVENUES THAT EXCEEDS THE CAPPED ESTIMATE DETERMINED UNDER § 6-104(E) OF THIS ARTICLE EXCEEDS THE AMOUNT NECESSARY TO CLOSE THE GAP IN REVENUES UNDER SUBSECTION (B) OF THIS SECTION, AND IF THE BALANCE OF THE REVENUE STABILIZATION ACCOUNT UNDER § 7-311 OF THIS SUBTITLE IS LESS THAN ~~10%~~ 6% OF THE ESTIMATED GENERAL FUND REVENUES FOR THAT FISCAL YEAR, THE ~~GOVERNOR SHALL INCLUDE IN THE BUDGET BILL FOR THE SECOND FOLLOWING FISCAL YEAR AN APPROPRIATION FROM THE FUND TO THE ACCOUNT EQUAL TO THE LESSER OF THE REMAINING BALANCE IN THE FUND OR \$50,000,000.~~ STATE COMPTROLLER SHALL DISTRIBUTE TO THE REVENUE STABILIZATION ACCOUNT THE LESSER OF:

(1) THE REMAINING BALANCE OF NONWITHHOLDING INCOME TAX REVENUES IN EXCESS OF THE CAPPED ESTIMATE DETERMINED UNDER § 6-104(E) OF THIS ARTICLE; OR

(2) THE AMOUNT REQUIRED FOR THE REVENUE STABILIZATION ACCOUNT BALANCE TO EQUAL 6% OF THE ESTIMATED GENERAL FUND REVENUES FOR THAT FISCAL YEAR.

(D) IF THE AMOUNT OF NONWITHHOLDING INCOME TAX REVENUES THAT EXCEEDS THE CAPPED ESTIMATE DETERMINED UNDER § 6-104(E) OF THIS ARTICLE EXCEEDS THE AMOUNT THE ~~GOVERNOR~~ STATE COMPTROLLER IS REQUIRED TO ~~APPROPRIATE~~ DISTRIBUTE TO THE REVENUE STABILIZATION ACCOUNT UNDER SUBSECTION (C) OF THIS SECTION, THE ~~GOVERNOR~~ STATE COMPTROLLER SHALL ~~INCLUDE IN THE BUDGET BILL FOR THE SECOND FOLLOWING FISCAL YEAR AN APPROPRIATION FROM THE FUND TO PAY AS YOU GO CAPITAL PROJECTS EQUAL TO THE LESSER OF THE REMAINING BALANCE IN THE FUND OR \$100,000,000.~~

~~(E) IF THE AMOUNT OF NONWITHHOLDING INCOME TAX REVENUES THAT EXCEEDS THE CAPPED ESTIMATE DETERMINED UNDER § 6-104(E) OF THIS ARTICLE EXCEEDS THE AMOUNT THE GOVERNOR IS REQUIRED TO APPROPRIATE TO PAY AS YOU GO CAPITAL PROJECTS UNDER SUBSECTION (D) OF THIS SECTION, THE GOVERNOR SHALL INCLUDE IN THE BUDGET BILL FOR THE SECOND FOLLOWING FISCAL YEAR AN APPROPRIATION FROM THE FUND EQUAL TO:~~

~~(1) ONE HALF OF THE REMAINING BALANCE IN THE FUND TO PAY AS YOU GO CAPITAL PROJECTS; AND~~

~~(2) THE LESSER OF ONE HALF OF THE REMAINING BALANCE IN THE FUND, OR WHATEVER AMOUNT IS REQUIRED FOR THE REVENUE STABILIZATION ACCOUNT BALANCE TO EXCEED 10% OF THE ESTIMATED GENERAL FUND REVENUES FOR THAT FISCAL YEAR, TO THE ACCOUNT.~~

~~(F) IF THE AMOUNT OF NONWITHHOLDING INCOME TAX REVENUES THAT EXCEEDS THE CAPPED ESTIMATE DETERMINED UNDER § 6-104(E) OF THIS ARTICLE EXCEEDS THE AMOUNT THE GOVERNOR IS REQUIRED TO APPROPRIATE TO THE REVENUE STABILIZATION ACCOUNT AND TO PAY AS YOU GO CAPITAL PROJECTS UNDER SUBSECTION (E) OF THIS SECTION, THE GOVERNOR SHALL INCLUDE IN THE BUDGET BILL FOR THE SECOND FOLLOWING FISCAL YEAR AN APPROPRIATION FROM THE FUND EQUAL TO THE REMAINING BALANCE IN THE FUND TO THE POSTRETIREMENT HEALTH BENEFITS TRUST FUND ESTABLISHED UNDER § 34-101 OF THE STATE PERSONNEL AND PENSIONS ARTICLE. DISTRIBUTE:~~

(1) SUBJECT TO SUBSECTION (E) OF THIS SECTION, 50% OF THE REMAINING AMOUNT TO THE REVENUE STABILIZATION ACCOUNT; AND

(2) THE REMAINDER TO THE FISCAL RESPONSIBILITY FUND ESTABLISHED UNDER § 7-330 OF THIS SUBTITLE.

(E) THE DISTRIBUTION TO THE REVENUE STABILIZATION ACCOUNT UNDER SUBSECTION (D)(1) OF THIS SECTION DOES NOT APPLY IF THE AMOUNT IN THE REVENUE STABILIZATION ACCOUNT EXCEEDS 10% OF GENERAL FUND REVENUES.

7-330.

(A) (1) IN THIS SECTION THE FOLLOWING WORDS HAVE THE MEANINGS INDICATED.

(2) "FUND" MEANS THE ~~EXTRAORDINARY NONWITHHOLDING INCOME TAX REVENUES~~ FISCAL RESPONSIBILITY FUND.

(3) (I) "NONWITHHOLDING INCOME TAX REVENUES" MEANS THE STATE SHARE OF INCOME TAX QUARTERLY ESTIMATED AND FINAL PAYMENTS WITH RETURNS MADE BY INDIVIDUALS, AS DEFINED IN § 10-101 OF THE TAX – GENERAL ARTICLE.

(II) "NONWITHHOLDING INCOME TAX REVENUES" DOES NOT INCLUDE:

1. THE COUNTY SHARE OF INCOME TAX QUARTERLY ESTIMATED AND FINAL PAYMENTS WITH RETURNS MADE BY INDIVIDUALS;

2. INCOME TAX PAYMENTS MADE BY CORPORATIONS;

3. INCOME TAX REFUNDS PAID TO INDIVIDUALS OR CORPORATIONS; OR

4. INCOME TAX WITHHOLDING.

(B) ~~THERE IS AN EXTRAORDINARY NONWITHHOLDING INCOME TAX REVENUES~~ A FISCAL RESPONSIBILITY FUND.

(C) THE PURPOSE OF THE FUND IS TO RETAIN THE AMOUNT OF NONWITHHOLDING INCOME TAX REVENUES ~~THAT EXCEEDS THE CAPPED ESTIMATE DETERMINED UNDER § 6-104(E) OF THIS ARTICLE~~ DEPOSITED TO THE FUND IN ACCORDANCE WITH § 7-329(D)(2) OF THIS SUBTITLE UNTIL THE REVENUES ARE APPROPRIATED IN THE STATE BUDGET.

(D) ~~(1)~~ THE STATE COMPTROLLER SHALL ADMINISTER THE FUND.

~~(2) AFTER THE NONWITHHOLDING INCOME TAX REVENUES THAT EXCEED THE CAPPED ESTIMATE DETERMINED UNDER § 6-104(E) OF THIS ARTICLE ARE APPLIED TO CLOSE THE GAP IN REVENUES AT THE END OF A FISCAL YEAR IN ACCORDANCE WITH § 7-329(B) OF THIS SUBTITLE, THE STATE COMPTROLLER SHALL DISTRIBUTE THE REMAINING NONWITHHOLDING INCOME TAX REVENUES INTO THE FUND.~~

(E) (1) THE FUND IS A SPECIAL, NONLAPSING FUND THAT IS NOT SUBJECT TO § 7-302 OF THIS SUBTITLE.

(2) THE STATE TREASURER SHALL HOLD THE FUND SEPARATELY, AND THE STATE COMPTROLLER SHALL ACCOUNT FOR THE FUND.

(F) THE FUND CONSISTS OF NONWITHHOLDING INCOME TAX REVENUES THAT EXCEED THE CAPPED ESTIMATE DETERMINED UNDER § 6-104(E) OF THIS ARTICLE DEPOSITED INTO THE FUND BY THE STATE COMPTROLLER UNDER § 7-329(D)(2) OF THIS SUBTITLE.

(G) THE FUND MAY BE USED ONLY ~~IN ACCORDANCE WITH § 7-329 OF THIS SUBTITLE.~~ TO PROVIDE PAY-AS-YOU-GO CAPITAL FUNDS FOR:

(1) PUBLIC SCHOOL CONSTRUCTION AND PUBLIC SCHOOL CAPITAL IMPROVEMENT PROJECTS, IN ACCORDANCE WITH §§ 5-301 THROUGH 5-303 OF THE EDUCATION ARTICLE;

(2) CAPITAL PROJECTS AT PUBLIC COMMUNITY COLLEGES; AND

(3) CAPITAL PROJECTS AT FOUR-YEAR PUBLIC INSTITUTIONS OF HIGHER EDUCATION.

(H) (1) THE STATE TREASURER SHALL INVEST THE MONEY OF THE FUND IN THE SAME MANNER AS OTHER STATE MONEY MAY BE INVESTED.

(2) ANY INTEREST EARNINGS OF THE FUND SHALL BE CREDITED TO THE GENERAL FUND OF THE STATE.

(I) EXPENDITURES FROM THE FUND MAY BE MADE ONLY IN ACCORDANCE WITH THE STATE BUDGET.

(J) (1) THE GOVERNOR SHALL INCLUDE IN THE BUDGET BILL FOR THE SECOND FOLLOWING FISCAL YEAR AN APPROPRIATION EQUAL TO THE AMOUNT IN THE FUND FOR PAY-AS-YOU-GO CAPITAL PROJECTS.

(2) MONEY EXPENDED FROM THE FUND FOR PAY-AS-YOU-GO CAPITAL PROJECTS ~~AND MONEY DEPOSITED IN THE POSTRETIREMENT HEALTH BENEFITS TRUST FUND ESTABLISHED UNDER § 34-101 OF THE STATE PERSONNEL AND PENSIONS ARTICLE~~ IS SUPPLEMENTAL TO AND IS NOT INTENDED TO TAKE THE PLACE OF FUNDING THAT OTHERWISE WOULD BE APPROPRIATED FOR ~~PAY-AS-YOU-GO CAPITAL PROJECTS AND POSTRETIREMENT HEALTH BENEFITS,~~ INCLUDING THOSE FUNDED WITH PAY-AS-YOU-GO FUNDS AND THE PROCEEDS FROM THE SALE OF GENERAL OBLIGATION BONDS.

(K) AT THE END OF A FISCAL YEAR, THE UNSPENT BALANCE OF EACH APPROPRIATION THAT WAS MADE FOR THAT FISCAL YEAR FROM THE FUND REVERTS TO THE FUND.

Article – Tax – General

2–609.

After making the distributions required under §§ 2–604 through 2–608.1 of this subtitle, ~~AND AFTER MAKING THE DISTRIBUTIONS REQUIRED UNDER §§ 7–329 AND 7–330 OF THE STATE FINANCE AND PROCUREMENT ARTICLE~~, the Comptroller shall distribute the remaining income tax revenue from individuals to the General Fund of the State.

SECTION 2. AND BE IT FURTHER ENACTED, That:

(a) The Consensus Revenue Monitoring and Forecasting Group established under § 6–105 of the State Finance and Procurement Article shall study the methodology described under § 6–104(e) of the State Finance and Procurement Article to determine whether improvements to the methodology are recommended.

(b) If the Group determines that improvements to the methodology described under § 6–104(e) of the State Finance and Procurement Article are recommended, on or

1 before January 1, 2018, the Group shall report to the General Assembly, in accordance with
2 § 2-1246 of the State Government Article, on recommendations to improve the
3 methodology.

4 SECTION 3. AND BE IT FURTHER ENACTED, That this Act shall take effect July
5 1, 2017.

Approved:

Governor.

President of the Senate.

Speaker of the House of Delegates.