


MEMORANDUM

April 1, 2016

TO: County Council

FROM: Robert H. Drummer, Senior Legislative Attorney 

SUBJECT: **Public Hearing/Action:** Expedited Bill 9-16, Working Families Income Supplement – Amount - Amendments

Expedited Bill 9-16, Working Families Income Supplement – Amount - Amendments, sponsored by Lead Sponsor Government Operations and Fiscal Policy Committee, was introduced on March 15, 2016. Action is scheduled following this hearing.

Bill 9-16 would clarify the amount of the Working Families Income Supplement (WFIS) paid to each recipient, subject to Council approval of a lower amount in the annual operating budget.

Background

Bill 8-13, Working Families Income Supplement – Amount, enacted by the Council on October 29, 2013 and signed into law by the Executive on November 12, 2013, required the WFIS to equal the amount of any refund the recipient receives from the State earned income credit program unless the Council approved a lower amount in the operating budget. Bill 8-13 also contained the following provision that would decouple the WFIS from the State if:

...the State refundable earned income credit is greater than the amount by which 25% of the Federal Earned Income Credit exceeds the gross State income tax.

For calendar year 2015, the State earned income credit will be greater than the amount by which 25% of the Federal Earned Income Credit exceeds the gross State income tax for the first time. The relevant portion of Md. Tax-General Code §10-704(b)(ii) is:

- (ii) The applicable percentage of the earned income credit allowable under § 32 of the Internal Revenue Code to be used for purposes of determining the refund provided under this paragraph is:
 - 1. 25% for a taxable year beginning after December 31, 2013, but before January 1, 2015;
 - 2. 25.5% for a taxable year beginning after December 31, 2014, but before January 1, 2016;

3. 26% for a taxable year beginning after December 31, 2015, but before January 1, 2017;
4. 27% for a taxable year beginning after December 31, 2016, but before January 1, 2018; and
5. 28% for a taxable year beginning after December 31, 2017.

Bill 9-16 would keep the default WFIS equal to the State refund as the State earned income credit refund increases each year. The Council would retain the authority to “approve a lower amount in the annual operating budget by an affirmative vote of at least five Councilmembers.”

Technical Correction

Council staff recommends changing “subsections” to “subsection” on line 3 as follows:

- (a) Subject to ~~[[subsections]]~~ subsection (b) [and (c)], the amount of the

This packet contains:

Bill 9-16

Legislative Request Report

Circle #

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Expedited Bill No. 9-16
Concerning: Working Families Income
Supplement – Amount - Amendments
Revised: February 26, 2016 Draft No. 1
Introduced: March 15, 2016
Expires: September 15, 2017
Enacted: [date]
Executive: [date signed]
Effective: [date takes effect]
Sunset Date: None
Ch. [#], Laws of Mont. Co. [year]

COUNTY COUNCIL FOR MONTGOMERY COUNTY, MARYLAND

Lead Sponsor: Government Operations and Fiscal Policy Committee

AN EXPEDITED ACT to:

- (1) clarify the amount of the Working Families Income Supplement paid to each recipient, subject to Council approval of a lower amount in the annual operating budget; and
- (2) amend the law concerning the amount of the Working Families Income Supplement.

By amending

Montgomery County Code
Chapter 20, Finance
Article XIV, Working Families Income Supplement
Section 20-79

Boldface	<i>Heading or defined term.</i>
<u>Underlining</u>	<i>Added to existing law by original bill.</i>
[Single boldface brackets]	<i>Deleted from existing law by original bill.</i>
<u>Double underlining</u>	<i>Added by amendment.</i>
[[Double boldface brackets]]	<i>Deleted from existing law or the bill by amendment.</i>
* * *	<i>Existing law unaffected by bill.</i>

The County Council for Montgomery County, Maryland approves the following Act:

Sec. 1. Section 20-79 is amended as follows:

20-79. Amount of Supplement.

(a) Subject to subsections (b) [and (c)], the amount of the Working Families Income Supplement paid to each recipient must equal the amount of any refund the recipient receives from the State earned income credit program.

(b) The Council may approve a lower amount in the annual operating budget by an affirmative vote of at least five Councilmembers.

[(c) The amount required in subsection (a) does not apply in any year that the State refundable earned income credit is greater than the amount by which 25% of the Federal Earned Income Credit exceeds the gross State income tax.]

Sec. 2. Expedited Effective Date.

The Council declares that this legislation is necessary for the immediate protection of the public interest. This Act takes effect on the date on which it becomes law.

Approved:

Nancy Floreen, President, County Council

Date

Approved:

Isiah Leggett, County Executive

Date

This is a correct copy of Council action.

Linda M. Lauer, Clerk of the Council

Date

LEGISLATIVE REQUEST REPORT

Expedited Bill 9-16

Working Families Income Supplement – Amount - Amendments

DESCRIPTION:	To clarify the amount of the Working Families Income Supplement paid to each recipient is equal to the State refund, subject to Council approval of a lower amount in the annual operating budget.
PROBLEM:	As the State refund increases this year to a new level, the current default for the WFIS is no longer equal to the State refund.
GOALS AND OBJECTIVES:	Clarify that the default amount for the WFIS is equal to the State refund unless the Council approves a lower amount in the budget.
COORDINATION:	Finance
FISCAL IMPACT:	To be requested.
ECONOMIC IMPACT:	To be requested.
EVALUATION:	To be requested.
EXPERIENCE ELSEWHERE:	To be researched.
SOURCE OF INFORMATION:	Robert H. Drummer, Senior Legislative Attorney
APPLICATION WITHIN MUNICIPALITIES:	Not applicable.
PENALTIES:	Not applicable.