



Senate Bill 277

State Aid for Public Education - Certification of Net Taxable Income

MACo Position: **SUPPORT**

To: Budget & Taxation Committee

Date: February 27, 2013

From: Andrea Mansfield

The Maryland Association of Counties (MACo) **SUPPORTS** SB 277. This bill would adjust the final date for calculating each county's net taxable income to November 1 of each year, more fully recognizing the effect of late-filed returns.

This seemingly technical correction remedies a skew present in school funding formulas for several years, arising from a federal policy change altering automatic filing extensions for taxpayers. Because Maryland's law for calculating net taxable income was written in statute (rather than following the federal deadline by reference), the intention to capture late-filed returns was severed.

In recent years, the fiscal climate made a remedy to this problem elusive, as any budget-neutral proposal would cause lost support for certain jurisdictions. SB 277 addresses the technical issue with a phased-in resolution that will eventually leave the September and November calculations made in parallel, avoiding the zero sum outcome that has frustrated previous efforts.

Shifting the education aid calculation to look at the full scope of income represents a warranted step toward equity in school funding, and furthers the State's and counties' shared goal of providing educational opportunities to all Maryland's schoolchildren. For these reasons, MACo **SUPPORTS** SB 277 and recommends the Committee issue a **FAVORABLE** report.