COMPTROLLER of MARYLAND

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Local Tax Administration

Presented by the Comptroller of Maryland

October 30, 2026

www.MarylandComptroller.gov



Overview:

Local Income Tax



How Local Revenue Is Distributed Today

1

Taxpayers

Withholding, estimated payments and annual returns

2

Comptroller

Collects State + local tax on one return; processes and certifies

3

Distribution

Quarterly projections, then reconciling true-ups

4

Localities

23 counties + Baltimore City; towns get a statutory share

2.25–3.30%

County rate range, TY2026

3

Counties using progressive rates

Projection first, true-up later. Quarterly payments use last year's factors; reconciling payments settle the year once returns are filed. One tax year's revenue reaches counties over three fiscal years.

Also administered for locals

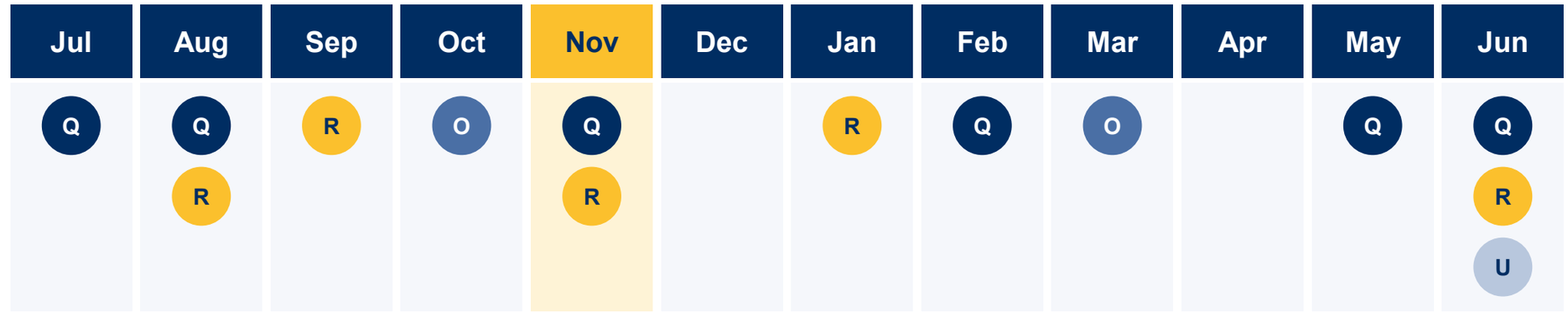
Admissions & Amusement (A&A) tax

Rate set by each county or municipality

Collected by the Comptroller from businesses

Remitted to the jurisdiction that imposes it

The Annual Local Income Tax Cycle



Why November matters

First quarterly of the fiscal year plus the final true-up of the prior tax year.

Last year sets this year

Factors from the most recent completed tax year drive current payments, so turning points over- or under-distribute.

Five factors per payment

Unallocated %, county share %, refund %, local share %, and cost of administration %.

Change Considerations (business)



Changing Local Income Tax Rates

1 Legal guardrails	2 Distribution effects	3 Operational lift
Rate must stay between 2.25% and 3.30%	Local share % must be re-projected	Withholding tables and employer notice
Flat rate or income brackets (since 2022)	Rate-change factor will be applied until true-up	Forms, instructions and vendor software
Notice to the Comptroller by July 1	Municipal shares move with the rate	System rate and bracket configuration
Effective January 1 of the next tax year	Revenue arrives over three fiscal years	Brackets add filing-status complexity

Timeline reality: a July 1 notice leaves six months to update withholding, forms, vendors and systems before January 1.

Changing Admissions and Amusement Tax Rates

General rule

Gross receipts subject to A&A tax only



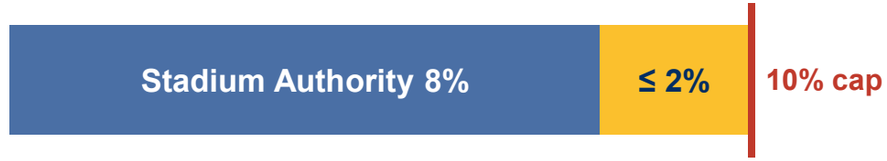
Also subject to sales and use tax

Combined rate may not exceed 11%



Also subject to Stadium Authority A&A tax

Combined rate may not exceed 10%



County / municipal A&A | State sales & use tax | Stadium Authority A&A

Applies to: any county or municipal corporation that imposes the tax.

10% General maximum local A&A rate

5% Local cap on receipts also subject to the 6% sales and use tax

2% Local cap on receipts also subject to the 8% Stadium Authority tax

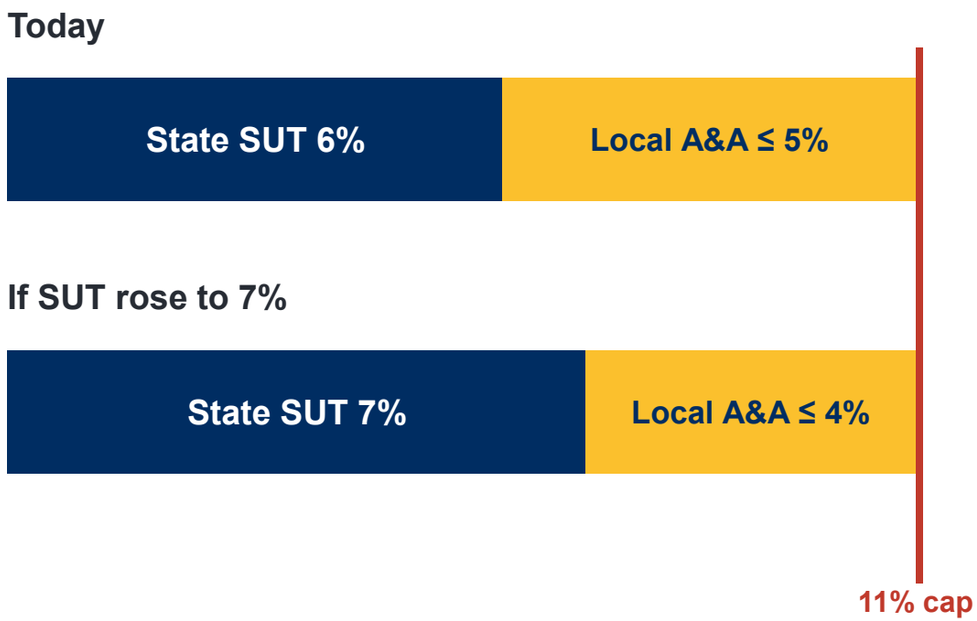
Notice to the Comptroller

60 days

minimum notice before a rate change takes effect

A&A Rates and the SUT Cap

Combined cap on receipts subject to both taxes: 11%



A SUT rate change silently moves the A&A ceiling on overlapping receipts unless the 11% combined cap is amended in the same bill.

Local rate setting

1

Each county or municipality sets its own rate or range of rates

Stadium Authority

2

Up to 8% at its facilities and takes precedence; Baltimore City limited to 2% there

Overlap with SUT

3

Combined State + local rate can't exceed 11%, so local A&A is capped at 5% today

Comptroller impact

4

Rate tables, return changes, notice to businesses, and recalculated distributions

Possible New Work: What It Would Take

1 SUT rate change

Work required

Rate tables, vendor notice, returns

Moves the local A&A cap

2 PIT rate changes

Work required

Withholding tables, forms, brackets

Shifts every county's local share %

3 Local SUT

Work required

New tax type, sourcing by jurisdiction

New distribution stream to build

4 New data center tax

Work required

Define base, registration, returns

New tax type in GPE

Modernization and Implementation Considerations

Comptroller IT Modernization: Key Initiatives & Impact

1 Major Statewide Initiatives (Simultaneously Leading 3 of the Largest):

- FMIS Modernization
- Payroll Modernization – Go-Live Jan 1
- MarylandTaxConnect – Final phase live Sept 1

2 Portfolio Scale & Delivery:

- Over 70 active IT initiatives
- More than 600 IT projects completed since Madam Comptroller took office in 2023

3 Modernization, Transparency & Improved Constituent/Taxpayer Service:

- New Website – improved search criteria and fully compliant
- New Customer Relationship Management platform (MyCOMConnect):
  - Better case management
  - Supports high call-volume handling

4 Security & Infrastructure Improvements:

- Enhanced every security platform and network

5 Mainframe Migration Leadership (in partnership with DoIT & State agencies):

- Migrating all applications off the State Mainframe
- Reduces risk from legacy platforms and resource constraints
- Lowers long-term costs to offset investment in modern systems

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Implementation Considerations

1	**Lead time**	Seek effective dates that allow configuration, testing and notice. Six months is the floor, not the target.
2	**Capacity**	Nov 2026–Apr 2027 already stacks the filing season, e-filing, Workday, PTE forms and R3 fixes.
3	**Systems**	Each change touches GPE rate tables, forms, returns and distribution logic. Test before go-live.
4	**Distribution integrity**	State and local rate changes ripple into local share %, municipal shares and the A&A cap.
5	**Stakeholders**	Counties, municipalities, employers, payroll providers and software vendors need early, clear notice.

Decisions needed

- Rank the possible new work by priority
- Sequence new work after the 2027 filing season
- Model distribution effects before any rate proposal advances
- Confirm resources for any new tax type

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Thank you!

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