

JOINT RESOLUTIONS

study of the cash flow and investment return on local income taxes collected and invested by the State.

WHEREAS, The State of Maryland provides a valuable service to its political subdivisions by collecting local income taxes for those political subdivisions; and

WHEREAS, However, while the State distributes the local income tax funds back to the subdivisions, it does not distribute the interest the State earns by investment of such funds; and

WHEREAS, Moreover, State law makes no provision for the payment of interest earned on the investing of local income tax funds to the subdivisions; and

WHEREAS, A detailed study of the cash flow of local income taxes from the State Income Tax Division to the Office of the State Treasurer, and the relationship of such cash flow to the interest earned on investments thereof is necessary to determine the precise costs involved and to properly allocate the costs and the benefits of this cash flow in the best interests of the State; now, therefore, be it

RESOLVED BY THE GENERAL ASSEMBLY OF MARYLAND, That the Joint Committee on the Management of Public Funds, in conjunction with the Office of the Comptroller of the Treasury and the Office of the State Treasurer, is directed to undertake a review of the methods of collecting, investing and distributing the local income tax imposed by the subdivisions, for purposes of (1) determining whether and to what extent the investment return on these taxes should be returned to the subdivisions and (2) studying the cash flow from the State Income Tax Division through the State Treasurer's Office and the relationship of such cash flow to the interest earned on investments; and be it further

RESOLVED, That this study shall include the formulation of alternative formulae for estimating investment return on the local income tax funds, taking into account such factors as the service provided by the State, the rate of investment return, the rate and method of collection, and possible alternatives to the quarterly local income tax distribution system; and be it further

RESOLVED, That the Joint Committee on the Management of Public Funds submit its findings and recommendations, including any proposed legislation, no later than 15 days after the first day of the 1976 Regular Session of the General Assembly; and be it further