

SENATE BILL 335

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Q3

2000 Regular Session
(01r1360)

ENROLLED BILL

-- Budget and Taxation/Ways and Means --

Introduced by **Senators Van Hollen, Miller, Lawlah, Currie, Frosh, Forehand,
and McFadden**

Read and Examined by Proofreaders:

Proofreader.

Proofreader.

Sealed with the Great Seal and presented to the Governor, for his approval this
____ day of _____ at _____ o'clock, ____ M.

President.

CHAPTER 520

1 AN ACT concerning

2 **Income Tax - Credit for Child and Dependent Care Expenses**

3 FOR the purpose of altering the calculation of a certain credit allowed against the
4 State income tax for certain child and dependent care expenses; altering certain
5 income levels determining eligibility for the credit and the amount of the credit
6 allowed; altering certain income levels determining eligibility for the credit and
7 the amount of the credit allowed; making the credit refundable under certain
8 circumstances; providing for the application of this Act; and generally relating to
9 the State income tax credit for child and dependent care expenses.

10 BY repealing and reenacting, with amendments,
11 Article - Tax - General
12 Section 10-716
13 Annotated Code of Maryland
14 (1997 Replacement Volume and 1999 Supplement)

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

3 **Article - Tax - General**

4 10-716.

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

6 (2) "Federal child and dependent care credit" means the child and
7 dependent care credit properly claimed by an individual for the taxable year under §
8 21 of the Internal Revenue Code.

9 (3) "Qualifying individual" means a qualifying individual within the
10 meaning of § 21(b) of the Internal Revenue Code.

11 (b) An individual whose federal adjusted gross income for the taxable year
12 does not exceed ~~[\$40,000 \$50,000]~~ \$70,000, or ~~[\$20,000 \$25,000]~~ \$35,000 in the case of
13 a married individual filing a separate return, may claim a credit against the State
14 income tax as provided in this section for expenses paid by the individual during the
15 taxable year for the care of a qualifying individual.

16 (c) Subject to subsection (d) of this section, the credit allowed under this
17 section equals ~~the lesser of:~~

18 (1) ~~25%]~~ ~~100%~~ ~~35%~~ 32.5% of the federal child and dependent care credit};
19 or

20 (2) ~~the State income tax for the taxable year}.~~

21 (d) (1) If an individual's federal adjusted gross income for the taxable year
22 exceeds ~~[\$30,000 \$40,000]~~ \$50,000, the credit otherwise allowed under this section
23 shall be reduced by ~~{10%}~~ 5% for each \$1,000 or fraction of \$1,000 by which the
24 individual's federal adjusted gross income exceeds ~~[\$30,000 \$40,000]~~ \$50,000.

25 (2) In the case of a married individual filing a separate return, if the
26 individual's federal adjusted gross income for the taxable year exceeds ~~{15,000~~
27 ~~\$20,000}~~ \$25,000, the credit otherwise allowed under this section shall be reduced by
28 ~~{10%}~~ 5% for each \$500 or fraction of \$500 by which the individual's federal adjusted
29 gross income exceeds ~~[\$15,000 \$20,000]~~ \$25,000.

30 ~~(E) IF THE CREDIT ALLOWED UNDER THIS SECTION IN ANY TAXABLE YEAR~~
31 ~~EXCEEDS THE STATE INCOME TAX FOR THAT TAXABLE YEAR, CALCULATED BEFORE~~
32 ~~THE APPLICATION OF THE CREDITS ALLOWED UNDER THIS SECTION AND §§ 10-701~~
33 ~~AND 10-701.1 OF THIS SUBTITLE BUT AFTER APPLICATION OF THE OTHER CREDITS~~
34 ~~UNDER THIS SUBTITLE, AN INDIVIDUAL MAY CLAIM A REFUND OF THE EXCESS~~
35 ~~CREDIT.~~

36 ~~{e)}~~ ~~(F)~~ The credit allowed under this section does not affect the treatment
37 under this title of any deduction or exclusion allowed under this title or allowed for

1 federal income tax purposes for expenses paid by the individual for the care of a
2 qualifying individual.

3 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
4 July 1, 2000 and shall be applicable to all taxable years beginning after ~~December 31,~~
5 ~~1999~~ December 31, 2000.