

HOUSE BILL 198

Q3

4lr0331

By: **Delegates Mitchell, Cardin, Clippinger, Conaway, Glenn, Gutierrez,
Luedtke, Valentino-Smith, Waldstreicher, M. Washington, and Zucker**

Introduced and read first time: January 16, 2014

Assigned to: Ways and Means

A BILL ENTITLED

1 AN ACT concerning

2 **Income Tax – Earned Income Credit – Refundable Amount**

3 FOR the purpose of altering, for certain taxable years, the percentage of the federal
4 earned income credit used for determining the amount that an individual may
5 claim as a refund under the Maryland earned income credit under certain
6 circumstances; and generally relating to the earned income credit allowed under
7 the State income tax.

8 BY repealing and reenacting, without amendments,
9 Article – Tax – General
10 Section 10–704(a) and (b)(1)
11 Annotated Code of Maryland
12 (2010 Replacement Volume and 2013 Supplement)

13 BY repealing and reenacting, with amendments,
14 Article – Tax – General
15 Section 10–704(b)(2)
16 Annotated Code of Maryland
17 (2010 Replacement Volume and 2013 Supplement)

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

20 **Article – Tax – General**

21 10–704.

22 (a) (1) An individual may claim a credit against the State income tax for a
23 taxable year in the amount determined under subsection (b) of this section for earned
24 income.

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 (2) An individual may claim a credit against the county income tax for
2 a taxable year in the amount determined under subsection (c) of this section for earned
3 income.

4 (b) (1) Except as provided in paragraph (2) of this subsection and subject
5 to subsection (d) of this section, the credit allowed against the State income tax under
6 subsection (a)(1) of this section is the lesser of:

7 (i) 50% of the earned income credit allowable for the taxable
8 year under § 32 of the Internal Revenue Code; or

9 (ii) the State income tax for the taxable year.

10 (2) (I) An individual may claim a refund in the amount, if any, by
11 which [25%] **THE APPLICABLE PERCENTAGE SPECIFIED IN SUBPARAGRAPH (II)**
12 **OF THIS PARAGRAPH** of the earned income credit allowable for the taxable year
13 under § 32 of the Internal Revenue Code exceeds the State income tax for the taxable
14 year.

15 **(II) THE APPLICABLE PERCENTAGE OF THE EARNED**
16 **INCOME CREDIT ALLOWABLE UNDER § 32 OF THE INTERNAL REVENUE CODE TO**
17 **BE USED FOR PURPOSES OF DETERMINING THE REFUND PROVIDED UNDER THIS**
18 **PARAGRAPH IS:**

19 **1. 26% FOR A TAXABLE YEAR BEGINNING AFTER**
20 **DECEMBER 31, 2013, BUT BEFORE JANUARY 1, 2015;**

21 **2. 27% FOR A TAXABLE YEAR BEGINNING AFTER**
22 **DECEMBER 31, 2014, BUT BEFORE JANUARY 1, 2016;**

23 **3. 28% FOR A TAXABLE YEAR BEGINNING AFTER**
24 **DECEMBER 31, 2015, BUT BEFORE JANUARY 1, 2017;**

25 **4. 29% FOR A TAXABLE YEAR BEGINNING AFTER**
26 **DECEMBER 31, 2016, BUT BEFORE JANUARY 1, 2018; AND**

27 **5. 30% FOR A TAXABLE YEAR BEGINNING AFTER**
28 **DECEMBER 31, 2017.**

29 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
30 July 1, 2014.