
By: Chairman, Ways and Means Committee (Departmental - Budget and Management)

Introduced and read first time: January 15, 1997

Assigned to: Ways and Means

A BILL ENTITLED

1 AN ACT concerning

2 **Income Tax - Earned Income Subtraction Modification**

3 FOR the purpose of altering the eligibility requirements for a certain subtraction
4 modification under the Maryland income tax for certain earned income of certain
5 individuals; providing for the application of this Act; and generally relating to a
6 subtraction modification under the Maryland income tax for certain earned income
7 of certain individuals.

8 BY repealing and reenacting, without amendments,

9 Article - Tax - General

10 Section 10-207(a)

11 Annotated Code of Maryland

12 (1988 Volume and 1996 Supplement)

13 BY repealing and reenacting, with amendments,

14 Article - Tax - General

15 Section 10-207(h)

16 Annotated Code of Maryland

17 (1988 Volume and 1996 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 10-207.

22 (a) To the extent included in federal adjusted gross income, the amounts under
23 this section are subtracted from the federal adjusted gross income of a resident to
24 determine Maryland adjusted gross income.

25 (h) (1) (i) In this subsection the following words have the meanings
26 indicated.

27 (ii) "Applicable poverty income level" means the amount specified in
28 the poverty income standard that corresponds to the number of exemptions to which the
29 individual is entitled and claims under § 10-211(1) of this subtitle.

2

1 (iii) "Eligible low income taxpayer" means an individual, or an
2 individual and the individual's spouse if they file a joint income tax return:

3 1. whose federal adjusted gross income, as modified under §§
4 10-204 through 10-206 of this subtitle AND INCREASED BY THE AMOUNT OF ANY NET
5 OPERATING LOSS DEDUCTION ALLOWED FOR FEDERAL INCOME TAX PURPOSES
6 UNDER § 172 OF THE INTERNAL REVENUE CODE, does not exceed the applicable
7 poverty income level;

8 2. whose earned income as defined under § 32(c)(2) of the
9 Internal Revenue Code does not exceed the applicable poverty income level; and

10 3. who is not claimed as an exemption on another individual's
11 tax return under § 10-211 of this subtitle.

12 (iv) "Poverty income standard" means the most recent poverty income
13 guideline published by the United States Department of Health and Human Services,
14 available as of July 1 of the taxable year.

15 (2) For any eligible low income taxpayer, the subtraction under subsection
16 (a) of this section includes the amount of earned income as defined under § 32(c)(2) of
17 the Internal Revenue Code.

18 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
19 July 1, 1997 and shall be applicable to all taxable years beginning after December 31,
20 1996.