
By: Delegates Rosapepe, Dypski, Exum, Genn, Hecht, Howard, McIntosh, B. Hughes, Valderrama, and Benson

Introduced and read first time: February 10, 1997

Assigned to: Ways and Means

A BILL ENTITLED

1 AN ACT concerning

2 **Children's Income Tax Credit**

3 FOR the purpose of allowing an individual a credit against the State income tax in certain
4 amounts for each child under a certain age for whom the individual is allowed to
5 deduct an exemption; providing for certain per child credit amounts based on an
6 individual's federal adjusted gross income; making the credit refundable under
7 certain circumstances; providing a certain prorated credit for nonresidents and
8 individuals filing returns for a period of less than 1 year; providing for the
9 application of this Act; and generally relating to a credit against the State income
10 tax in a certain amount for certain dependent children.

11 BY adding to

12 Article - Tax - General
13 Section 10-708
14 Annotated Code of Maryland
15 (1988 Volume and 1996 Supplement)

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

18 **Article - Tax - General**

19 10-708.

20 (A) EXCEPT AS PROVIDED IN SUBSECTION (C) OF THIS SECTION, AN
21 INDIVIDUAL MAY CLAIM A CREDIT AGAINST THE STATE INCOME TAX FOR A
22 TAXABLE YEAR IN AN AMOUNT EQUAL TO THE PER CHILD CREDIT AMOUNT
23 SPECIFIED IN SUBSECTION (B) OF THIS SECTION FOR EACH CHILD UNDER THE AGE
24 OF 18 YEARS FOR WHOM THE TAXPAYER IS ALLOWED TO DEDUCT AN EXEMPTION
25 UNDER § 151 OF THE INTERNAL REVENUE CODE.

26 (B) THE CREDIT ALLOWED UNDER THIS SECTION IS:

27 (1) \$400 PER CHILD IF THE INDIVIDUAL'S FEDERAL ADJUSTED GROSS
28 INCOME FOR THE TAXABLE YEAR IS LESS THAN \$50,000;

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1 (2) \$300 PER CHILD IF THE INDIVIDUAL'S FEDERAL ADJUSTED GROSS
2 INCOME FOR THE TAXABLE YEAR IS AT LEAST \$50,000 BUT LESS THAN \$100,000;

3 (3) \$200 PER CHILD IF THE INDIVIDUAL'S FEDERAL ADJUSTED GROSS
4 INCOME FOR THE TAXABLE YEAR IS AT LEAST \$100,000 BUT LESS THAN \$150,000; AND

5 (4) \$100 PER CHILD IF THE INDIVIDUAL'S FEDERAL ADJUSTED GROSS
6 INCOME FOR THE TAXABLE YEAR IS AT LEAST \$150,000.

7 (C) OF THE AMOUNT ALLOWED UNDER SUBSECTION (A) OF THIS SECTION:

8 (1) A NONRESIDENT IS ALLOWED A FRACTION:

9 (I) THE NUMERATOR OF WHICH IS THE MARYLAND ADJUSTED
10 GROSS INCOME OF THE NONRESIDENT; AND

11 (II) THE DENOMINATOR OF WHICH IS THE FEDERAL ADJUSTED
12 GROSS INCOME OF THE NONRESIDENT; AND

13 (2) AN INDIVIDUAL WHO FILES AN INCOME TAX RETURN FOR A PERIOD
14 OF LESS THAN 1 YEAR IS ALLOWED A FRACTION:

15 (I) THE NUMERATOR OF WHICH IS THE NUMBER OF MONTHS
16 THAT THE RETURN COVERS; AND

17 (II) THE DENOMINATOR OF WHICH IS 12.

18 (D) IF THE CREDIT ALLOWED UNDER THIS SECTION IN ANY TAXABLE YEAR
19 EXCEEDS THE STATE INCOME TAX OTHERWISE PAYABLE BY THE INDIVIDUAL FOR
20 THAT TAXABLE YEAR, THE INDIVIDUAL MAY CLAIM A REFUND OF THE EXCESS
21 AMOUNT.

22 (E) FOR PURPOSES OF DETERMINING THE APPLICABLE PER CHILD CREDIT
23 AMOUNT UNDER SUBSECTION (B) OF THIS SECTION, THE FEDERAL ADJUSTED GROSS
24 INCOME OF A MARRIED INDIVIDUAL WHO FILES A SEPARATE MARYLAND INCOME
25 TAX RETURN SHALL INCLUDE THE FEDERAL ADJUSTED GROSS INCOME OF THE
26 INDIVIDUAL'S SPOUSE, WHETHER OR NOT THE SPOUSES FILE A JOINT FEDERAL
27 RETURN.

28 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
29 July 1, 1997 and shall be applicable to all taxable years beginning after December 31,
30 1997.