BY: Committee on Ways and Means

<u>AMENDMENTS TO SENATE BILL NO. 223</u>
(Third Reading File Bill)

<u>AMENDMENT NO. 1</u>

On page 1, in line 10, after "<u>tax;</u>" insert "<u>providing for the determination of the amount of certain credits for nonresidents and part-year residents in a certain manner; providing that an individual not otherwise required to file an income tax return may file a return to claim a certain refund; requiring the Governor to transfer certain funds from the Revenue Stabilization Account of the State Reserve Fund to the General Fund for certain purposes; requiring the Spending Affordability Committee to include a certain recommendation in a certain report;</u>"; in line 20, strike "and 10-706(c)" and substitute "<u>, 10-706(c), and 10-809</u>"; and strike line 22 in its entirety and substitute "<u>(1997 Replacement Volume)</u>".

<u>AMENDMENT NO. 2</u>

On page 3, in line 4, after "INDIVIDUAL" insert "<u>WITH ONE OR MORE DEPENDENTS THAT MAY BE CLAIMED AS EXEMPTIONS</u>".

<u>AMENDMENT NO. 3</u>

On page 3, in line 4, after "(2)" insert "<u>(I)</u>"; in line 5, strike "<u>10%</u>" and substitute "<u>THE APPLICABLE PERCENTAGE SPECIFIED IN SUBPARAGRAPH (II) OF THIS PARAGRAPH</u>"; and after line 7, insert:

"<u>(II) THE APPLICABLE PERCENTAGE OF THE EARNED INCOME CREDIT ALLOWABLE UNDER § 32 OF THE INTERNAL REVENUE CODE TO BE USED FOR PURPOSES OF DETERMINING THE REFUND PROVIDED UNDER THIS PARAGRAPH IS:</u>

<u>1. 10% FOR A TAXABLE YEAR BEGINNING AFTER DECEMBER 31, 1997 BUT BEFORE JANUARY 1, 2000;</u>

        2. 12.5% FOR A TAXABLE YEAR BEGINNING AFTER DECEMBER 31, 1999 BUT BEFORE JANUARY 1, 2001; AND

        3. 15% FOR A TAXABLE YEAR BEGINNING AFTER DECEMBER 31, 2000.".

AMENDMENT NO. 4

        On page 3, strike in their entirety lines 8 through 16, inclusive, and substitute:

        "(C) FOR AN INDIVIDUAL WHO IS A NONRESIDENT OR IS A RESIDENT OF THE STATE FOR ONLY A PART OF THE YEAR, THE AMOUNT OF THE CREDIT OR REFUND ALLOWED UNDER THIS SECTION SHALL BE DETERMINED BASED ON THE PART OF THE EARNED INCOME CREDIT ALLOWABLE FOR THE TAXABLE YEAR UNDER § 32 OF THE INTERNAL REVENUE CODE THAT IS ATTRIBUTABLE TO MARYLAND, DETERMINED BY MULTIPLYING THE FEDERAL EARNED INCOME CREDIT BY A FRACTION:

        (1) THE NUMERATOR OF WHICH IS THE MARYLAND ADJUSTED GROSS INCOME OF THE INDIVIDUAL; AND

        (2) THE DENOMINATOR OF WHICH IS THE FEDERAL ADJUSTED GROSS INCOME OF THE INDIVIDUAL.".

        On page 4, strike in their entirety lines 32 through 37, inclusive, and substitute:

        "(2) OF THE AMOUNT DETERMINED UNDER PARAGRAPH (1) OF THIS SUBSECTION, AN INDIVIDUAL WHO IS A NONRESIDENT OR IS A RESIDENT OF THE STATE FOR ONLY A PART OF THE YEAR IS ALLOWED ONLY A FRACTION:

        (I) THE NUMERATOR OF WHICH IS THE INDIVIDUAL'S MARYLAND ADJUSTED GROSS INCOME; AND

        (II) THE DENOMINATOR OF WHICH IS THE INDIVIDUAL'S

FEDERAL ADJUSTED GROSS INCOME.".

AMENDMENT NO. 5

On page 4, after line 37, insert:

"10-809.

If an individual is not required to file an income tax return under § 10-805, § 10-806 or § 10-813 of this subtitle, the individual:

(1) is not liable for income tax; and

(2) may file an income tax return to claim a refund of the income tax withheld or estimated income tax paid OR A REFUND UNDER § 10-704 OF THIS TITLE.".

AMENDMENT NO. 6

On page 5, before line 1, insert:

"SECTION 2. AND BE IT FURTHER ENACTED, That, notwithstanding any other provision of law, for Fiscal Year 1999 only, the Governor shall transfer $14,500,000 from the Revenue Stabilization Account of the State Reserve Fund to the General Fund in order to offset the effect of this Act on State revenues and expedite the return of those funds set aside for the purpose of providing tax relief to the taxpayers of Maryland."; and in line 1, strike "2." and substitute "3.".

AMENDMENT NO. 7

On page 5, in line 1, after "That" insert "the Spending Affordability Committee shall include a recommendation in its final report of the 1999 interim as to the fiscal prudence of accelerating the phase-in of the earned income credit refund enacted under this Act.

SECTION 4. AND BE IT FURTHER ENACTED, That".

AMENDMENT NO. 8

On page 4, in line 3, strike "TO"; and in the same line, strike "ENTITLED" and substitute "ALLOWED".