

BY: Budget and Taxation Committee

AMENDMENTS TO SENATE BILL NO. 223

(First Reading File Bill)

AMENDMENT NO. 1

On page 1, in line 6, after “zero;” insert “repealing a certain subtraction modification for certain taxpayers whose income does not exceed certain levels; providing a credit against the State income tax for certain taxpayers whose income does not exceed certain levels; providing for the application of a certain credit in the computation of the county income tax;”; and in line 7, strike “the earned income credit” and substitute “certain credits”.

AMENDMENT NO. 2

On page 1, after line 8, insert:

“BY repealing

Article - Tax - General

Section 10-207(h)

Annotated Code of Maryland

(1997 Replacement Volume)”;

and after line 13, insert:

“BY adding to

Article - Tax - General

Section 10-709

Annotated Code of Maryland

(1997 Replacement Volume)”.

AMENDMENT NO. 3

On page 2, in line 2, strike “15%” and substitute “10%”.

(Over)

AMENDMENT NO. 4

On page 1, after line 16, insert:

“10-207.

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

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

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

1. whose federal adjusted gross income as modified under §§ 10-204 through 10-206 of this subtitle does not exceed the applicable poverty income level;

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

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

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

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

On page 2, in lines 15 and 22, in each instance, after “§ 10-704” insert “OR § 10-709”; and in line 20, strike “the credit” and substitute “THE SUM OF THE CREDITS ALLOWED UNDER §§ 10-704 AND 10-709 OF THIS SUBTITLE”;

and after line 26, insert:

“10-709.

(A) (1) IN THIS SECTION THE FOLLOWING WORDS HAVE THE MEANINGS INDICATED.

(2) “APPLICABLE POVERTY INCOME LEVEL” MEANS THE AMOUNT SPECIFIED IN THE POVERTY INCOME STANDARD THAT CORRESPONDS TO THE NUMBER OF EXEMPTIONS TO WHICH THE INDIVIDUAL IS ENTITLED AND CLAIMS UNDER § 10-211(1) OF THIS TITLE.

(3) “ELIGIBLE LOW INCOME TAXPAYER” MEANS AN INDIVIDUAL, OR AN INDIVIDUAL AND THE INDIVIDUAL’S SPOUSE IF THEY FILE A JOINT INCOME TAX RETURN:

(I) WHOSE FEDERAL ADJUSTED GROSS INCOME AS MODIFIED UNDER §§ 10-204 THROUGH 10-206 OF THIS TITLE DOES NOT EXCEED THE APPLICABLE POVERTY INCOME LEVEL;

(II) WHOSE EARNED INCOME AS DEFINED UNDER § 32(C)(2) OF THE INTERNAL REVENUE CODE DOES NOT EXCEED THE APPLICABLE POVERTY INCOME LEVEL;

(III) WHO IS NOT CLAIMED AS AN EXEMPTION ON ANOTHER INDIVIDUAL'S TAX RETURN UNDER § 10-211 OF THIS TITLE; AND

(IV) FOR WHOM THE CREDIT ALLOWED UNDER § 10-704 OF THIS SUBTITLE IS LESS THAN THE STATE INCOME TAX.

(4) “POVERTY INCOME STANDARD” MEANS THE MOST RECENT POVERTY INCOME GUIDELINE PUBLISHED BY THE UNITED STATES DEPARTMENT OF HEALTH AND HUMAN SERVICES, AVAILABLE AS OF JULY 1 OF THE TAXABLE YEAR.

(Over)

(B) AN ELIGIBLE LOW INCOME TAXPAYER MAY CLAIM A CREDIT AGAINST THE INCOME TAX FOR A TAXABLE YEAR IN THE AMOUNT DETERMINED UNDER SUBSECTION (C) OF THIS SECTION.

(C) (1) EXCEPT AS PROVIDED IN PARAGRAPH (2) OF THIS SUBSECTION, THE CREDIT ALLOWED UNDER SUBSECTION (B) OF THIS SECTION EQUALS THE LESSER OF:

(I) THE STATE INCOME TAX DETERMINED AFTER SUBTRACTING THE CREDIT ALLOWED UNDER § 10-704(B)(1) OF THIS SUBTITLE; OR

(II) AN AMOUNT EQUAL TO 5% OF THE ELIGIBLE LOW INCOME TAXPAYER'S EARNED INCOME, AS DEFINED UNDER § 32(C)(2) OF THE INTERNAL REVENUE CODE.

(2) OF THE AMOUNT DETERMINED UNDER PARAGRAPH (1) OF THIS SUBSECTION, AN INDIVIDUAL WHO FILES AN INCOME TAX RETURN FOR A PERIOD OF LESS THAN 1 YEAR IS ALLOWED A FRACTION:

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

(II) THE DENOMINATOR OF WHICH IS 12.”.