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24 10-207.

(h)

(1)

(iii)

26 individual and the individual's spouse if they file a joint income tax return:

25

1998 Regular Session 8lr0975

By: Senators Conway, Hughes, Trotter, Hollinger, McFadden, Sfikas, and **Teitelbaum** Introduced and read first time: February 6, 1998 Assigned to: Budget and Taxation A BILL ENTITLED 1 AN ACT concerning 2 Poverty Level Taxpayers - Refundable Income Tax Credit for 3 **Employment-Related Household and Dependent Care Expenses** 4 FOR the purpose of allowing certain individuals whose income does not exceed certain 5 applicable poverty income levels a credit against the State income tax for certain 6 household and dependent care expenses; making the credit refundable under 7 certain circumstances; providing for the application of this Act; and generally relating to a credit against the State income tax for certain household and 8 9 dependent care expenses for certain individuals with incomes not exceeding 10 certain applicable poverty income levels. 11 BY repealing and reenacting, without amendments, Article - Tax - General 12 13 Section 10-207(h)(1)(iii) and 10-208(e) Annotated Code of Maryland 14 (1997 Replacement Volume) 15 16 BY adding to Article - Tax - General 17 18 Section 10-709 19 Annotated Code of Maryland (1997 Replacement Volume) 20 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF 21 22 MARYLAND, That the Laws of Maryland read as follows: **Article - Tax - General** 23

"Eligible low income taxpayer" means an individual, or an

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- 1 whose federal adjusted gross income as modified under §§
- 2 10-204 through 10-206 of this subtitle does not exceed the applicable poverty income
- 3 level;
- 4 2. whose earned income as defined under § 32(c)(2) of the
- 5 Internal Revenue Code does not exceed the applicable poverty income level; and
- 6 3. who is not claimed as an exemption on another
- 7 individual's tax return under § 10-211 of this subtitle.
- 8 10-208.
- 9 (e) The subtraction under subsection (a) of this section includes expenses for
- 10 household and dependent care services not exceeding the dollar limit allowed under §
- 11 21(c) of the Internal Revenue Code and determined without reference to the
- 12 percentage limitation in § 21(a)(2) of the Internal Revenue Code.
- 13 10-709.
- 14 (A) (1) IN THIS SECTION THE FOLLOWING WORDS HAVE THE MEANINGS
- 15 INDICATED.
- 16 (2) "ELIGIBLE LOW INCOME TAXPAYER" HAS THE MEANING STATED IN §
- 17 10-207(H) OF THIS TITLE.
- 18 (3) "EMPLOYMENT-RELATED HOUSEHOLD AND DEPENDENT CARE
- 19 EXPENSES" MEANS EMPLOYMENT-RELATED EXPENSES TAKEN INTO ACCOUNT FOR
- 20 PURPOSES OF THE CREDIT ALLOWED UNDER § 21 OF THE INTERNAL REVENUE CODE,
- 21 AS LIMITED BY THE APPLICABLE DOLLAR LIMIT AND THE APPLICABLE EARNED
- 22 INCOME LIMITATION UNDER § 21(C) AND (D) OF THE INTERNAL REVENUE CODE.
- 23 (B) AN ELIGIBLE LOW INCOME TAXPAYER MAY CLAIM A CREDIT AGAINST THE
- 24 STATE INCOME TAX IN AN AMOUNT EQUAL TO 10% OF THE EMPLOYMENT-RELATED
- 25 HOUSEHOLD AND DEPENDENT CARE EXPENSES PAID BY THE ELIGIBLE LOW INCOME
- 26 TAXPAYER DURING THE TAXABLE YEAR.
- 27 (C) IF THE CREDIT ALLOWED UNDER THIS SECTION IN ANY TAXABLE YEAR
- 28 EXCEEDS THE STATE INCOME TAX FOR THAT TAXABLE YEAR, CALCULATED BEFORE
- 29 THE APPLICATION OF THE CREDITS ALLOWED UNDER THIS SECTION AND §§ 10-701
- 30 AND 10-701.1 OF THIS SUBTITLE, BUT AFTER THE APPLICATION OF THE OTHER
- 31 CREDITS ALLOWED UNDER THIS SUBTITLE, THE EXCESS OF THE CREDIT SHALL BE
- 32 REFUNDED.
- 33 (D) AN INDIVIDUAL WHO CLAIMS THE CREDIT ALLOWED UNDER THIS
- 34 SECTION FOR A TAXABLE YEAR IS NOT ALLOWED THE SUBTRACTION MODIFICATION
- 35 FOR HOUSEHOLD AND DEPENDENT CARE SERVICES UNDER § 10-207(E) OF THIS
- 36 TITLE.

- SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect 2 July 1, 1998 and shall be applicable to all taxable years beginning after December 31, 3 1997.