

BY: Committee on Ways and Means

AMENDMENTS TO SENATE BILL NO. 240

(Third Reading File Bill)

AMENDMENT NO. 1

On page 1, in line 3, strike "for a certain taxable year"; in line 5, after "credit" insert "under certain circumstances; authorizing the counties and Baltimore City to make the county earned income credit refundable under certain circumstances"; in the same line, after "Act;" insert "providing for the construction of this Act;"; in line 6, after "to" insert "the"; in line 10, strike "(b)(2)"; and after line 16, insert:

"(a) (1) An individual may claim a credit against the State income tax for a taxable year in the amount determined under subsection (b) of this section for earned income.

(2) An individual may claim a credit against the county income tax for a taxable year in the amount determined under subsection (c) of this section for earned income.

(b) (1) Except as provided in paragraph (2) of this subsection and subject to subsection (d) of this section, the credit allowed against the State income tax under subsection (a)(1) of this section is the lesser of:

(i) 50% of the earned income credit allowable for the taxable year under § 32 of the Internal Revenue Code; or

(ii) the State income tax for the taxable year."

AMENDMENT NO. 2

On page 2, after line 9, insert:

"(c) (1) [Subject] EXCEPT AS PROVIDED IN PARAGRAPH (2) OF THIS SUBSECTION AND SUBJECT to subsection (d) of this section, the credit allowed against the

(Over)

county income tax under subsection (a)(2) of this section is the lesser of:

[(1)] (I) the earned income credit allowable for the taxable year under § 32 of the Internal Revenue Code multiplied by 10 times the county income tax rate for the taxable year; or

[(2)] (II) the county income tax for the taxable year.

(2) (I) A COUNTY MAY PROVIDE, BY LAW, FOR A REFUNDABLE COUNTY EARNED INCOME CREDIT AS PROVIDED IN THIS PARAGRAPH FOR INDIVIDUALS HAVING ONE OR MORE DEPENDENTS THAT MAY BE CLAIMED AS EXEMPTIONS.

(II) IF A COUNTY PROVIDES FOR A REFUNDABLE COUNTY EARNED INCOME CREDIT UNDER THIS PARAGRAPH, ON OR BEFORE JULY 1 PRIOR TO THE BEGINNING OF THE FIRST TAXABLE YEAR FOR WHICH IT IS APPLICABLE, THE COUNTY SHALL GIVE THE COMPTROLLER NOTICE OF THE REFUNDABLE COUNTY EARNED INCOME CREDIT.

(III) IF A COUNTY PROVIDES FOR A REFUNDABLE COUNTY EARNED INCOME CREDIT UNDER THIS PARAGRAPH, AN INDIVIDUAL WITH ONE OR MORE DEPENDENTS THAT MAY BE CLAIMED AS EXEMPTIONS MAY CLAIM A REFUND OF THE AMOUNT, IF ANY, BY WHICH THE PRODUCT OF MULTIPLYING THE CREDIT ALLOWABLE UNDER § 32 OF THE INTERNAL REVENUE CODE BY 3 TIMES THE COUNTY INCOME TAX RATE FOR THE TAXABLE YEAR EXCEEDS THE COUNTY INCOME TAX FOR THE TAXABLE YEAR.

(IV) THE AMOUNT OF ANY REFUNDS PAYABLE UNDER A REFUNDABLE COUNTY EARNED INCOME CREDIT OPERATES TO REDUCE THE INCOME TAX REVENUE FROM INDIVIDUALS ATTRIBUTABLE TO THE COUNTY INCOME TAX FOR THAT COUNTY.

(d) 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.

SECTION 2. AND BE IT FURTHER ENACTED, That the authorization under this Act for the counties and Baltimore City to make the county earned income credit refundable may not be construed to:

(1) affect the authority of Montgomery County to implement its Working Families Income Supplement Program or the agreement entered into between the State Comptroller and Montgomery County regarding the administration of Montgomery County's Working Families Income Supplement Program; or

(2) affect any authority of any county or Baltimore City to establish a program similar to Montgomery County's Working Families Income Supplement Program or to enter into a similar agreement with the State Comptroller for the administration of such a program."

On page 2, in line 10, strike "2." and substitute "3.".