
By: **Delegates Leopold, James, Bozman, Cadden, Patterson, Benson,
Hubbard, Rosso, Cryor, Clagett, Dewberry, Sophocleus, Finifter,
Greenip, Boutin, Phillips, Mohorovic, Valderrama, D'Amato, Glassman,
Linton, Sher, Rzepkowski, Love, Barkley, Giannetti, Frush, McKee,
Redmer, Paige, Ports, Kach, and Cane**

Introduced and read first time: January 19, 2000
Assigned to: Ways and Means

A BILL ENTITLED

1 AN ACT concerning

2 **Tax Credit for Employer-Established Dependent Care Assistance Programs**

3 FOR the purpose of allowing a certain credit against the State income tax for certain
4 costs incurred by an employer that establishes a dependent care assistance
5 program; defining a certain term; providing for the calculation of the credit;
6 providing for the carryover of unused credit if the credit exceeds the total tax
7 otherwise payable for a taxable year; providing for the application of this Act;
8 and generally relating to a tax credit against the State income tax for
9 employer-established dependent care assistance programs.

10 BY adding to
11 Article - Tax - General
12 Section 10-718
13 Annotated Code of Maryland
14 (1997 Replacement Volume and 1999 Supplement)

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

17 **Article - Tax - General**

18 10-718.

19 (A) IN THIS SECTION, "DEPENDENT CARE ASSISTANCE PROGRAM" HAS THE
20 MEANING STATED IN § 129 OF THE INTERNAL REVENUE CODE.

21 (B) (1) AN EMPLOYER MAY CLAIM A CREDIT AGAINST THE STATE INCOME
22 TAX IN AN AMOUNT EQUAL TO 50% OF THE COSTS INCURRED BY THE EMPLOYER
23 DURING THE TAXABLE YEAR TO ESTABLISH A DEPENDENT CARE ASSISTANCE
24 PROGRAM AS PART OF AN EMPLOYEE BENEFIT PACKAGE.

1 (2) THE CREDIT ALLOWED UNDER THIS SECTION MAY NOT EXCEED
2 \$1,000.

3 (C) IF THE CREDIT ALLOWED UNDER THIS SECTION IN ANY TAXABLE YEAR
4 EXCEEDS THE TOTAL TAX OTHERWISE PAYABLE BY THE EMPLOYER FOR THAT
5 TAXABLE YEAR, THE EMPLOYER MAY APPLY THE EXCESS AS A CREDIT FOR
6 SUCCEEDING TAXABLE YEARS UNTIL THE EARLIER OF:

7 (1) THE FULL AMOUNT OF THE CREDIT IS USED; OR

8 (2) THE EXPIRATION OF THE 5TH TAXABLE YEAR AFTER THE TAXABLE
9 YEAR IN WHICH THE COSTS TO ESTABLISH A DEPENDENT CARE ASSISTANCE
10 PROGRAM AS PART OF AN EMPLOYEE BENEFIT PACKAGE WERE INCURRED.

11 (D) AN EMPLOYER MAY NOT CLAIM THE CREDIT ALLOWED UNDER THIS
12 SECTION IF THE EMPLOYER HAS CLAIMED THE CREDIT IN ANY PREVIOUS TAXABLE
13 YEAR.

14 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
15 July 1, 2000 and shall be applicable to all taxable years beginning after December 31,
16 1999.