

HOUSE BILL 1013

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Q3

2000 Regular Session  
0lr1371  
CF 0lr1360

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By: **Delegates Shriver, Hixson, Heller, and Franchot**  
Introduced and read first time: February 11, 2000  
Assigned to: Ways and Means

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Committee Report: Favorable with amendments  
House action: Adopted  
Read second time: April 3, 2000

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CHAPTER \_\_\_\_\_

1 AN ACT concerning

2 **Income Tax - Credit for Child and Dependent Care Expenses**

3 FOR the purpose of altering the calculation of a certain credit allowed against the  
4 State income tax for certain child and dependent care expenses; altering certain  
5 income levels determining eligibility for the credit and the amount of the credit  
6 allowed; ~~making the credit refundable under certain circumstances~~; providing  
7 for the application of this Act; and generally relating to the State income tax  
8 credit for child and dependent care expenses.

9 BY repealing and reenacting, with amendments,  
10 Article - Tax - General  
11 Section 10-716  
12 Annotated Code of Maryland  
13 (1997 Replacement Volume and 1999 Supplement)

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

16 **Article - Tax - General**

17 10-716.

18 (a) (1) In this section the following words have the meanings indicated.

19 (2) "Federal child and dependent care credit" means the child and  
20 dependent care credit properly claimed by an individual for the taxable year under §  
21 21 of the Internal Revenue Code.

1 (3) "Qualifying individual" means a qualifying individual within the  
2 meaning of § 21(b) of the Internal Revenue Code.

3 (b) An individual whose federal adjusted gross income for the taxable year  
4 does not exceed [\$40,000] ~~\$70,000~~ \$50,000, or [\$20,000] ~~\$35,000~~ \$25,000 in the case of a  
5 married individual filing a separate return, may claim a credit against the State  
6 income tax as provided in this section for expenses paid by the individual during the  
7 taxable year for the care of a qualifying individual.

8 (c) Subject to subsection (d) of this section, the credit allowed under this  
9 section equals ~~the~~ lesser of:

10 (1) ~~25%~~ ~~100%~~ 32.5% of the federal child and dependent care credit; or

11 (2) the State income tax for the taxable year.

12 (d) (1) If an individual's federal adjusted gross income for the taxable year  
13 exceeds [\$30,000] ~~\$50,000~~ \$40,000, the credit otherwise allowed under this section  
14 shall be reduced by ~~10%~~ 5% for each \$1,000 or fraction of \$1,000 by which the  
15 individual's federal adjusted gross income exceeds [\$30,000] ~~\$50,000~~ \$40,000.

16 (2) In the case of a married individual filing a separate return, if the  
17 individual's federal adjusted gross income for the taxable year exceeds [\$15,000]  
18 ~~\$25,000~~ \$20,000, the credit otherwise allowed under this section shall be reduced by  
19 ~~10%~~ 5% for each \$500 or fraction of \$500 by which the individual's federal adjusted  
20 gross income exceeds [\$15,000] ~~\$25,000~~ \$20,000.

21 ~~(E) IF THE CREDIT ALLOWED UNDER THIS SECTION IN ANY TAXABLE YEAR~~  
22 ~~EXCEEDS THE STATE INCOME TAX FOR THAT TAXABLE YEAR, CALCULATED BEFORE~~  
23 ~~THE APPLICATION OF THE CREDITS ALLOWED UNDER THIS SECTION AND §§ 10-701~~  
24 ~~AND 10-701.1 OF THIS SUBTITLE BUT AFTER APPLICATION OF THE OTHER CREDITS~~  
25 ~~UNDER THIS SUBTITLE, AN INDIVIDUAL MAY CLAIM A REFUND OF THE EXCESS~~  
26 ~~CREDIT.~~

27 ~~(e)~~ ~~(F)~~ The credit allowed under this section does not affect the treatment  
28 under this title of any deduction or exclusion allowed under this title or allowed for  
29 federal income tax purposes for expenses paid by the individual for the care of a  
30 qualifying individual.

31 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect  
32 July 1, 2000 and shall be applicable to all taxable years beginning after ~~December 31,~~  
33 ~~1999~~ December 31, 2000.

