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By: Delegates Hixson, Barkley, Bobo, Bohanan, Bozman, Cane, Carlson, Conroy, Cryor, C. Davis, Finifter, Frush, Goldwater, Healey, Heller, Howard, Hubers, Kopp, Mandel, Marriott, Rosso, Sher, and DeCarlo

Introduced and read first time: February 11, 2000

Assigned to: Ways and Means

A BILL ENTITLED

1 AN ACT concern	rning
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2 Income Tax - Earned Income Credit

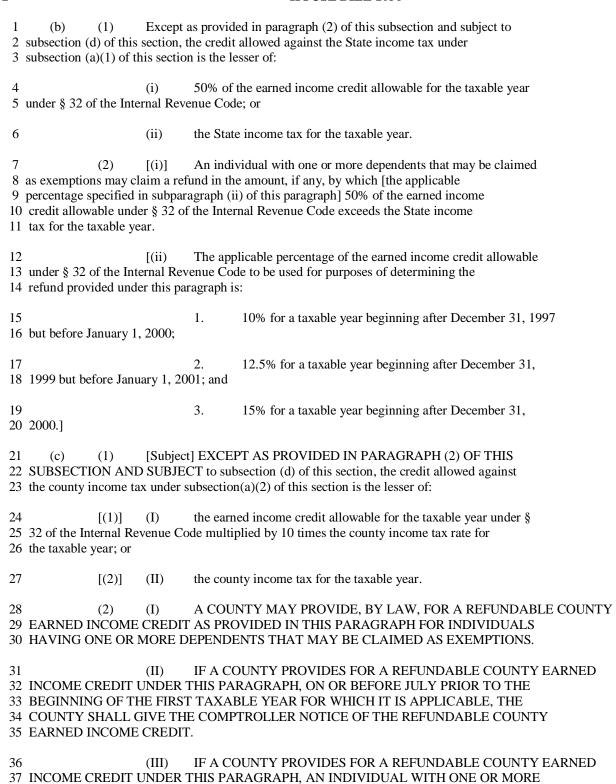
- 3 FOR the purpose of altering the percentage of the federal earned income credit used
- 4 for determining the amount that certain individuals may claim as a refundable
- 5 credit under certain circumstances; authorizing the counties and Baltimore City
- 6 to make the county earned income credit refundable under certain
- 7 circumstances; providing for the application of this Act; providing for the
- 8 construction of this Act; and generally relating to earned income credit allowed
- 9 under the Maryland income tax.
- 10 BY repealing and reenacting, with amendments,
- 11 Article Tax General
- 12 Section 10-704
- 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 10-704.

- 19 (a) (1) An individual may claim a credit against the State income tax for a
- 20 taxable year in the amount determined under subsection (b) of this section for earned
- 21 income.
- 22 (2) An individual may claim a credit against the county income tax for a
- 23 taxable year in the amount determined under subsection (c) of this section for earned
- 24 income.

HOUSE BILL 1056



- 1 DEPENDENTS THAT MAY BE CLAIMED AS EXEMPTIONS MAY CLAIM A REFUND OF THE
- 2 AMOUNT, IF ANY, BY WHICH THE PRODUCT OF MULTIPLYING THE CREDIT
- 3 ALLOWABLE UNDER § 32 OF THE INTERNAL REVENUE CODE BY 10 TIMES THE
- 4 COUNTY INCOME TAX RATE FOR THE TAXABLE YEAR EXCEEDS THE COUNTY INCOME
- 5 TAX FOR THE TAXABLE YEAR.
- 6 (IV) THE AMOUNT OF ANY REFUNDS PAYABLE UNDER A
- 7 REFUNDABLE COUNTY EARNED INCOME CREDIT OPERATES TO REDUCE THE
- 8 INCOME TAX REVENUE FROM INDIVIDUALS ATTRIBUTABLE TO THE COUNTY INCOME
- 9 TAX FOR THAT COUNTY.
- 10 (d) For an individual who is a nonresident or is a resident of the State for only
- 11 a part of the year, the amount of the credit or refund allowed under this section shall
- 12 be determined based on the part of the earned income credit allowable for the taxable
- 13 year under § 32 of the Internal Revenue Code that is attributable to Maryland,
- 14 determined by multiplying the federal earned income credit by a fraction:
- 15 (1) the numerator of which is the Maryland adjusted gross income of the
- 16 individual; and
- 17 (2) the denominator of which is the federal adjusted gross income of the
- 18 individual.
- 19 SECTION 2. AND BE IT FURTHER ENACTED, That the authorization under
- 20 this Act for the counties and Baltimore City to make the county earned income credit
- 21 refundable may not be construed to:
- 22 (1) affect the authority of Montgomery County to implement its Working
- 23 Families Income Supplement Program or the agreement entered into between the
- 24 State Comptroller and Montgomery County regarding the administration of
- 25 Montgomery County's Working Families Income Supplement Program; or
- 26 (2) affect any authority of any county or Baltimore City to establish a
- 27 program similar to the Montgomery County's Working Families Income Supplement
- 28 Program or to enter into a similar agreement with the State Comptroller for the
- 29 administration of such a program.
- 30 SECTION 3. AND BE IT FURTHER ENACTED, That this Act shall take effect
- 31 July 1, 2000 and shall be applicable to all taxable years beginning after December 31,
- 32 1999.