
By: **Delegate Cryor**

Introduced and read first time: January 10, 2002

Assigned to: Ways and Means

A BILL ENTITLED

1 AN ACT concerning

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

3 FOR the purpose of altering certain income levels determining eligibility for a certain
4 credit allowed against the State income tax for certain child and dependent care
5 expenses; providing for the application of this Act; and generally relating to the
6 State income tax credit for child and dependent care expenses.

7 BY repealing and reenacting, with amendments,
8 Article - Tax - General
9 Section 10-716
10 Annotated Code of Maryland
11 (1997 Replacement Volume and 2001 Supplement)

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

14 **Article - Tax - General**

15 10-716.

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

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

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

22 (b) An individual whose federal adjusted gross income for the taxable year
23 does not exceed [\$50,000] \$100,000, or [\$25,000] \$50,000 in the case of a married
24 individual filing a separate return, may claim a credit against the State income tax as
25 provided in this section for expenses paid by the individual during the taxable year
26 for the care of a qualifying individual.

1 (c) Subject to subsection (d) of this section, the credit allowed under this
2 section equals the lesser of:

3 (1) 32.5% of the federal child and dependent care credit; or

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

5 (d) (1) If an individual's federal adjusted gross income for the taxable year
6 exceeds [\$41,000] \$91,000, the credit otherwise allowed under this section shall be
7 reduced by 10% for each \$1,000 or fraction of \$1,000 by which the individual's federal
8 adjusted gross income exceeds [\$41,000] \$91,000.

9 (2) In the case of a married individual filing a separate return, if the
10 individual's federal adjusted gross income for the taxable year exceeds [\$20,500]
11 \$45,500, the credit otherwise allowed under this section shall be reduced by 10% for
12 each \$500 or fraction of \$500 by which the individual's federal adjusted gross income
13 exceeds [\$20,500] \$45,500.

14 (e) The credit allowed under this section does not affect the treatment under
15 this title of any deduction or exclusion allowed under this title or allowed for federal
16 income tax purposes for expenses paid by the individual for the care of a qualifying
17 individual.

18 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
19 July 1, 2002 and shall be applicable to all taxable years beginning after December 31,
20 2001.