
By: **Delegates W. Baker, Walkup, and Crouse**
Introduced and read first time: January 16, 2002
Assigned to: Ways and Means

A BILL ENTITLED

1 AN ACT concerning

2 **Tax Credit for Cost of Employee Child Care Expenses**

3 FOR the purpose of allowing a certain credit against the State income tax for certain
4 costs incurred by an employer for certain child care expenses of certain
5 employees; providing that the credit may not exceed the State income tax for
6 that taxable year and that any unused credit for a taxable year may not be
7 carried over to any other taxable year; defining certain terms; providing for the
8 application of this Act; and generally relating to a tax credit against the State
9 income tax for certain employer costs incurred for certain child care expenses of
10 employees.

11 BY adding to
12 Article - Tax - General
13 Section 10-724
14 Annotated Code of Maryland
15 (1997 Replacement Volume and 2001 Supplement)

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

18 **Article - Tax - General**

19 10-724.

20 (A) (1) IN THIS SECTION THE FOLLOWING WORDS HAVE THE MEANINGS
21 INDICATED.

22 (2) "ELIGIBLE EMPLOYEE CHILD CARE EXPENSES" MEANS EXPENSES
23 PAID BY AN EMPLOYER FOR THE CHILD CARE EXPENSES OF AN EMPLOYEE WHO
24 RESIDES OR WORKS IN THIS STATE IF THE EMPLOYER PAYS AT LEAST 10% OF THE
25 EMPLOYEE'S CHILD CARE EXPENSES.

26 (3) "EMPLOYER" MEANS A PERSON CONDUCTING OR OPERATING A
27 TRADE OR BUSINESS IN THE STATE.

1 (B) AN EMPLOYER MAY CLAIM A CREDIT AGAINST THE STATE INCOME TAX IN
2 AN AMOUNT EQUAL TO 25% OF THE COSTS INCURRED BY THE EMPLOYER DURING
3 THE TAXABLE YEAR FOR ELIGIBLE EMPLOYEE CHILD CARE EXPENSES.

4 (C) (1) THE TOTAL AMOUNT OF THE CREDIT ALLOWED UNDER THIS
5 SECTION FOR ANY TAXABLE YEAR MAY NOT EXCEED THE STATE INCOME TAX FOR
6 THAT TAXABLE YEAR, CALCULATED BEFORE APPLICATION OF THE CREDITS UNDER
7 THIS SECTION AND §§ 10-701 AND 10-701.1 OF THIS SUBTITLE, BUT AFTER
8 APPLICATION OF THE OTHER CREDITS ALLOWABLE UNDER THIS SUBTITLE.

9 (2) THE UNUSED AMOUNT OF THE CREDIT FOR ANY TAXABLE YEAR MAY
10 NOT BE CARRIED OVER TO ANY OTHER TAXABLE YEAR.

11 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
12 July 1, 2002, and shall apply to all taxable years beginning after December 31, 2002.