
By: **Senator Middleton**

Introduced and read first time: January 18, 2006

Assigned to: Budget and Taxation

A BILL ENTITLED

1 AN ACT concerning

2 **Income Tax - State and County Income Tax Credit for New Teachers**

3 FOR the purpose of allowing certain classroom teachers to claim an income tax credit
4 in a certain amount for certain taxable years under certain circumstances;
5 providing that the tax credit may not be claimed unless the governing body of a
6 county has authorized the tax credit by law; providing that the credit may not
7 exceed the State income tax for the taxable year and that any unused credit may
8 not be carried over to any other taxable year; providing for a certain crediting of
9 the tax credit between the State income tax and a county income tax; providing
10 for the application of this Act; and generally relating to an income tax credit for
11 certain teachers under certain circumstances.

12 BY adding to
13 Article - Tax - General
14 Section 10-726
15 Annotated Code of Maryland
16 (2004 Replacement Volume and 2005 Supplement)

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

19 **Article - Tax - General**

20 10-726.

21 (A) SUBJECT TO THE PROVISIONS OF THIS SECTION, AN INDIVIDUAL WHO IS A
22 PUBLIC SCHOOL CLASSROOM TEACHER HOLDING A STANDARD CERTIFICATE OR AN
23 ADVANCED PROFESSIONAL CERTIFICATE MAY CLAIM A CREDIT AGAINST THE
24 COMBINED STATE INCOME TAX AND COUNTY INCOME TAX IN THE AMOUNT OF \$1,200
25 IF:

26 (1) THE INDIVIDUAL MEETS THE REQUIREMENTS PROVIDED IN
27 SUBSECTION (D) OF THIS SECTION; AND

1 (2) THE COUNTY WHERE THE INDIVIDUAL IS EMPLOYED AS A
2 CLASSROOM TEACHER HAS ELECTED TO GRANT THE CREDIT IN ACCORDANCE WITH
3 SUBSECTION (E) OF THIS SECTION.

4 (B) THE CREDIT ALLOWED UNDER THIS SECTION MAY BE CLAIMED FOR EACH
5 OF THE FOLLOWING TAXABLE YEARS:

6 (1) FOR THE TAXABLE YEAR IN WHICH THE INDIVIDUAL COMPLETED
7 THE FIRST YEAR OF EMPLOYMENT AS A CLASSROOM TEACHER; AND

8 (2) IF THE INDIVIDUAL'S SECOND YEAR OF EMPLOYMENT AS A
9 CLASSROOM TEACHER IS CONSECUTIVE TO THE FIRST YEAR, FOR THE TAXABLE
10 YEAR IN WHICH THE INDIVIDUAL COMPLETED THE SECOND YEAR OF EMPLOYMENT
11 AS A CLASSROOM TEACHER.

12 (C) (1) THE CREDIT ALLOWED UNDER THIS SECTION MAY NOT EXCEED THE
13 STATE INCOME TAX FOR THAT TAXABLE YEAR, CALCULATED BEFORE APPLICATION
14 OF THE CREDITS UNDER THIS SECTION AND §§ 10-701 AND 10-701.1 OF THIS SUBTITLE
15 BUT AFTER APPLICATION OF THE OTHER CREDITS ALLOWED UNDER THIS SUBTITLE.

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

18 (D) TO QUALIFY FOR THE CREDIT UNDER THIS SECTION, AN INDIVIDUAL
19 SHALL PROVIDE PROOF THAT THE INDIVIDUAL:

20 (1) IS EMPLOYED BY A COUNTY BOARD OF EDUCATION AS A CLASSROOM
21 TEACHER IN A PUBLIC SCHOOL IN THE COUNTY IN WHICH THE CREDIT IS CLAIMED;
22 AND

23 (2) RESIDES IN THE SAME COUNTY IN WHICH THE INDIVIDUAL IS
24 EMPLOYED AS A CLASSROOM TEACHER.

25 (E) (1) THE MAYOR AND CITY COUNCIL OF BALTIMORE CITY OR THE
26 GOVERNING BODY OF A COUNTY MAY, BY LAW, AUTHORIZE THE CREDIT UNDER THIS
27 SECTION FOR RESIDENTS OF THAT COUNTY.

28 (2) A CREDIT MAY NOT BE CLAIMED UNDER THIS SECTION UNLESS THE
29 COUNTY WHERE THE INDIVIDUAL IS EMPLOYED AS A CLASSROOM TEACHER HAS
30 AUTHORIZED THE CREDIT AS PROVIDED IN THIS SUBSECTION.

31 (3) IF A COUNTY AUTHORIZES A CREDIT UNDER THIS SECTION, THE
32 COUNTY SHALL GIVE THE COMPTROLLER NOTICE OF THE CREDIT ON OR BEFORE
33 JULY 1 PRIOR TO THE FIRST TAXABLE YEAR FOR WHICH THE CREDIT WILL BE
34 EFFECTIVE.

35 (F) THE CREDIT PROVIDED IN THIS SECTION SHALL BE CREDITED AGAINST
36 THE STATE AND COUNTY INCOME TAX IN PROPORTION TO THE RATIO OF STATE
37 INCOME TAX LIABILITY TO COUNTY INCOME TAX LIABILITY FOR THE INDIVIDUAL
38 CLAIMING THE CREDIT.

1 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
2 June 1, 2006, and shall be applicable to all taxable years beginning after December
3 31, 2006.