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By: **Senators Schrader, Colburn, Hafer, Kittleman, and Stone**

Introduced and read first time: February 2, 2006

Assigned to: Budget and Taxation

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A BILL ENTITLED

1 AN ACT concerning

2 **Income Tax - Subtraction Modification for Household and Dependent Care**  
3 **Expenses**

4 FOR the purpose of altering a certain age limitation for purposes of a certain  
5 subtraction modification under the State income tax for certain household and  
6 dependent care expenses; providing that a certain limitation on the expenses  
7 that qualify for a certain federal tax credit does not apply for purposes of the  
8 subtraction modification; providing for the application of this Act; and generally  
9 relating to a certain income tax subtraction modification for certain household  
10 and dependent care expenses.

11 BY repealing and reenacting, without amendments,  
12 Article - Tax - General  
13 Section 10-208(a)  
14 Annotated Code of Maryland  
15 (2004 Replacement Volume and 2005 Supplement)

16 BY repealing and reenacting, with amendments,  
17 Article - Tax - General  
18 Section 10-208(e)  
19 Annotated Code of Maryland  
20 (2004 Replacement Volume and 2005 Supplement)

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

23 **Article - Tax - General**

24 10-208.

25 (a) In addition to the modification under § 10-207 of this subtitle, the  
26 amounts under this section are subtracted from the federal adjusted gross income of  
27 a resident to determine Maryland adjusted gross income.

1 (e) (1) [The] SUBJECT TO PARAGRAPHS (2) AND (3) OF THIS SUBSECTION,  
2 THE subtraction under subsection (a) of this section includes expenses for household  
3 and dependent care services THAT QUALIFY AS EMPLOYMENT-RELATED EXPENSES  
4 WITHIN THE MEANING OF § 21 OF THE INTERNAL REVENUE CODE, not exceeding the  
5 dollar limit allowed under § 21(c) of the Internal Revenue Code and determined  
6 without reference to the percentage limitation in § 21(a)(2) of the Internal Revenue  
7 Code.

8 (2) NOTWITHSTANDING THE AGE LIMITATION IN § 21(B)(1)(A) OF THE  
9 INTERNAL REVENUE CODE, FOR PURPOSES OF THE SUBTRACTION UNDER  
10 PARAGRAPH (1) OF THIS SUBSECTION, "QUALIFYING INDIVIDUAL" INCLUDES A  
11 DEPENDENT UNDER THE AGE OF 18 YEARS.

12 (3) NOTWITHSTANDING § 21(B)(2) OF THE INTERNAL REVENUE CODE,  
13 FOR PURPOSES OF THE SUBTRACTION UNDER PARAGRAPH (1) OF THIS SUBSECTION,  
14 "EMPLOYMENT-RELATED EXPENSES" INCLUDES ANY AMOUNT PAID FOR SERVICES  
15 OUTSIDE THE TAXPAYER'S HOUSEHOLD AT A CAMP WHERE THE QUALIFYING  
16 INDIVIDUAL STAYS OVERNIGHT IF THE EXPENSE OTHERWISE QUALIFIES AS AN  
17 EMPLOYMENT-RELATED EXPENSE.

18 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect  
19 July 1, 2006, and shall be applicable to all taxable years beginning after December 31,  
20 2005.