

HOUSE BILL 347

Q3
HB 337/06 – W&M

71r1393

By: **Queen Anne's County Delegation**
Introduced and read first time: February 1, 2007
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 credit against the State income tax for certain costs
4 incurred by an employer for certain child care expenses of certain employees;
5 providing that the credit may not exceed the State income tax for that taxable
6 year and that any unused credit for a taxable year may not be carried over to
7 any other taxable year; defining certain terms; providing for the application of
8 this Act; and generally relating to a tax credit against the State income tax for
9 certain employer costs incurred for certain child care expenses of employees.

10 BY adding to
11 Article – Tax – General
12 Section 10-726
13 Annotated Code of Maryland
14 (2004 Replacement Volume and 2006 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 **10-726.**

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

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 (2) **“ELIGIBLE EMPLOYEE CHILD CARE EXPENSES” MEANS**
2 **EXPENSES PAID BY AN EMPLOYER FOR THE CHILD CARE EXPENSES OF AN**
3 **EMPLOYEE WHO RESIDES OR WORKS IN THIS STATE AND WHOSE INCOME IS AT**
4 **OR BELOW THE MEDIAN INCOME FOR THE STATE IF THE EMPLOYER PAYS AT**
5 **LEAST 10% OF THE EMPLOYEE’S CHILD CARE EXPENSES.**

6 (3) **“EMPLOYER” MEANS A PERSON CONDUCTING OR OPERATING**
7 **A TRADE OR BUSINESS IN THE STATE.**

8 (b) **AN EMPLOYER MAY CLAIM A CREDIT AGAINST THE STATE INCOME**
9 **TAX IN AN AMOUNT EQUAL TO 25% OF THE COSTS INCURRED BY THE EMPLOYER**
10 **DURING THE TAXABLE YEAR FOR ELIGIBLE EMPLOYEE CHILD CARE EXPENSES.**

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

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

19 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
20 July 1, 2007, and shall apply to all taxable years beginning after December 31, 2007.