

HOUSE BILL 1331

Q3
HB 534/07 – W&M

8lr0533

By: **Delegate Rosenberg**

Introduced and read first time: February 8, 2008

Assigned to: Ways and Means

A BILL ENTITLED

1 AN ACT concerning

2 **Income Tax – Earned Income Tax Credit – Noncustodial Parent**

3 FOR the purpose of allowing certain individuals to claim an income tax credit in a
4 certain amount against the State income tax for earned income under certain
5 circumstances; providing for certain limitations on the credit; providing for the
6 application of this Act; and generally relating to a credit against the State
7 income tax for certain earned income.

8 BY repealing and reenacting, without amendments,
9 Article – Tax – General
10 Section 10–704(a)
11 Annotated Code of Maryland
12 (2004 Replacement Volume and 2007 Supplement)
13 (As enacted by Chapter 3 of the Acts of the General Assembly of the 2007
14 Special Session)

15 BY repealing and reenacting, with amendments,
16 Article – Tax – General
17 Section 10–704(b)
18 Annotated Code of Maryland
19 (2004 Replacement Volume and 2007 Supplement)
20 (As enacted by Chapter 3 of the Acts of the General Assembly of the 2007
21 Special Session)

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

24 **Article – Tax – General**

25 10–704.

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



(a) (1) An individual may claim a credit against the State income tax for a taxable year in the amount determined under subsection (b) of this section for earned income.

(2) An individual may claim a credit against the county income tax for a taxable year in the amount determined under subsection (c) of this section for earned income.

(b) (1) Except as provided in [paragraph (2)] **PARAGRAPHS (2) AND (3)** of this subsection and subject to subsection (d) of this section, the credit allowed against the State income tax under subsection (a)(1) of this section is the lesser of:

(i) 50% of the earned income credit allowable for the taxable year under § 32 of the Internal Revenue Code; or

(ii) the State income tax for the taxable year.

(2) (I) AN INDIVIDUAL DESCRIBED IN SUBPARAGRAPH (II) OF THIS PARAGRAPH MAY CLAIM A CREDIT AGAINST THE STATE INCOME TAX FOR A TAXABLE YEAR IN THE AMOUNT DETERMINED UNDER SUBPARAGRAPH (III) OF THIS PARAGRAPH FOR EARNED INCOME.

(II) AN INDIVIDUAL IS ELIGIBLE FOR THE CREDIT UNDER THIS PARAGRAPH IF THE INDIVIDUAL:

- 1. IS A RESIDENT;**
- 2. IS AT LEAST 18 YEARS OLD ON THE LAST DAY OF THE TAXABLE YEAR;**
- 3. IS NOT OTHERWISE ELIGIBLE FOR THE CREDIT UNDER PARAGRAPH (1) OF THIS SUBSECTION;**
- 4. IS THE PARENT OF AT LEAST ONE CHILD UNDER THE AGE OF 18 WITH WHOM THE INDIVIDUAL DOES NOT RESIDE;**
- 5. IS MAKING CHILD SUPPORT PAYMENTS ON BEHALF OF A CHILD OR CHILDREN UNDER A COURT ORDER; AND**
- 6. HAS PAID CHILD SUPPORT PAYMENTS IN THE TAXABLE YEAR IN AN AMOUNT AT LEAST EQUAL TO THE AMOUNT OF CURRENT CHILD SUPPORT PAYMENTS DUE FOR EACH CHILD SUPPORT ORDER.**

(III) THE CREDIT ALLOWED AGAINST THE STATE INCOME TAX UNDER THIS PARAGRAPH IS THE LESSER OF:

1 **1. 50% OF THE EARNED INCOME CREDIT THAT**
2 **WOULD HAVE BEEN ALLOWED TO THE INDIVIDUAL FOR THE TAXABLE YEAR**
3 **UNDER § 32 OF THE INTERNAL REVENUE CODE IF THE CHILD OR CHILDREN**
4 **DESCRIBED IN SUBPARAGRAPH (II)5 OF THIS PARAGRAPH SATISFIED THE**
5 **REQUIREMENTS FOR QUALIFYING CHILDREN UNDER § 32(C)(3) OF THE**
6 **INTERNAL REVENUE CODE, CALCULATED AS IF THE INDIVIDUAL HAD ONLY ONE**
7 **CHILD; OR**

8 **2. THE STATE INCOME TAX FOR THE TAXABLE YEAR.**

9 **(IV) THE CHILD SUPPORT ENFORCEMENT**
10 **ADMINISTRATION OF THE DEPARTMENT OF HUMAN RESOURCES AND THE**
11 **COMPTROLLER OF THE TREASURY JOINTLY SHALL ADOPT REGULATIONS TO**
12 **CERTIFY INDIVIDUALS FOR THE PURPOSES OF THE CREDIT UNDER THIS**
13 **PARAGRAPH.**

14 **[(2)] (3)** An individual may claim a refund in the amount, if any, by
15 which 25% of the earned income credit allowable for the taxable year under § 32 of the
16 Internal Revenue Code exceeds the State income tax for the taxable year.

17 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
18 July 1, 2008, and shall be applicable to all taxable years beginning after December 31,
19 2007.