

**HB0452/945267/1**

BY: Committee on Ways and Means

AMENDMENTS TO HOUSE BILL 452

(First Reading File Bill)

AMENDMENT NO. 1

On page 1, in the sponsor line, strike “and Wivell” and substitute “Wivell, and Afzali”.

AMENDMENT NO. 2

On page 1, strike line 2 in its entirety and substitute “Earned Income Tax Credit - Expansion”.

AMENDMENT NO. 3

On page 1, strike in their entirety lines 3 through 6, inclusive, and substitute:

“FOR the purpose of altering the calculation of the Maryland earned income tax credit to increase the amount of credit that certain individuals without qualifying children may claim; expanding eligibility of the credit to allow certain individuals without certain qualifying children to claim the credit; allowing certain individuals to claim a refund of the credit; allowing certain individuals 21 years of age and older to claim the credit; providing that the amount of the credit is adjusted for inflation each year; providing for the application of this Act; and generally relating to the Maryland earned income tax credit.”;

and in line 7, strike “without” and substitute “with”.

AMENDMENT NO. 4

On page 1, in line 9, strike “(a) and (b)(1)”;

and strike in their entirety lines 12 through 16, inclusive.

AMENDMENT NO. 5

(Over)

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On page 2, in line 22, strike “AND”; in lines 23, 24, and 28, in each instance, strike the brackets; and in line 23, strike “28%”.

AMENDMENT NO. 6

On page 2, after line 28, insert:

**“(3) (I) THE CREDIT ALLOWED AGAINST THE STATE INCOME TAX UNDER SUBSECTION (A)(1) OF THIS SECTION FOR AN INDIVIDUAL WITHOUT A QUALIFYING CHILD:**

**1. IS EQUAL TO 100% OF THE EARNED INCOME CREDIT ALLOWABLE FOR THE TAXABLE YEAR UNDER § 32 OF THE INTERNAL REVENUE CODE; AND**

**2. IS CALCULATED BY SUBSTITUTING:**

**A. \$6,610 FOR THE EARNED INCOME AMOUNT IN § 32(B)(2)(A) OF THE INTERNAL REVENUE CODE; AND**

**B. \$16,900 FOR THE PHASE-OUT AMOUNT IN § 32(B)(2)(A) OF THE INTERNAL REVENUE CODE.**

**(II) IF THE TAX CREDIT ALLOWED UNDER THIS PARAGRAPH IN ANY TAXABLE YEAR EXCEEDS THE TOTAL TAX OTHERWISE PAYABLE BY THE INDIVIDUAL WITHOUT A QUALIFYING CHILD FOR THAT TAXABLE YEAR, THE INDIVIDUAL MAY CLAIM A REFUND IN THE AMOUNT OF THE EXCESS.**

**(III) 1. FOR EACH TAXABLE YEAR BEGINNING AFTER DECEMBER 31, 2017, THE EARNED INCOME AMOUNT AND PHASE-OUT AMOUNT IN SUBPARAGRAPH (I)2 OF THIS PARAGRAPH SHALL BE INCREASED BY AN**

AMOUNT EQUAL TO THE PRODUCT OF MULTIPLYING EACH AMOUNT BY THE COST-OF-LIVING ADJUSTMENT SPECIFIED IN SUBSUBPARAGRAPH 2 OF THIS SUBPARAGRAPH.

2. FOR PURPOSES OF THIS SUBPARAGRAPH, THE COST-OF-LIVING ADJUSTMENT IS THE COST-OF-LIVING ADJUSTMENT WITHIN THE MEANING OF § 1(F)(3) OF THE INTERNAL REVENUE CODE FOR THE CALENDAR YEAR IN WHICH A TAXABLE YEAR BEGINS, AS DETERMINED BY THE COMPTROLLER BY SUBSTITUTING “CALENDAR YEAR 2015” FOR “CALENDAR YEAR 1992” IN § 1(F)(3)(B) OF THE INTERNAL REVENUE CODE.

3. IF ANY INCREASE DETERMINED UNDER SUBSUBPARAGRAPH 1 OF THIS SUBPARAGRAPH IS NOT A MULTIPLE OF \$50, THE INCREASE SHALL BE ROUNDED DOWN TO THE NEXT LOWEST MULTIPLE OF \$50.

(IV) FOR PURPOSES OF THIS SECTION FOR AN INDIVIDUAL WITHOUT A QUALIFYING CHILD, THE CREDIT ALLOWABLE FOR A TAXABLE YEAR UNDER § 32 OF THE INTERNAL REVENUE CODE IS CALCULATED BY SUBSTITUTING AGE 21 FOR THE MINIMUM AGE REQUIREMENT UNDER § 32(C)(1)(A)(II)(II) OF THE INTERNAL REVENUE CODE.

(c) (1) Except as provided in paragraph (2) of this subsection and subject to subsection (d) of this section, the credit allowed against the county income tax under subsection (a)(2) of this section is the lesser of:

(i) the earned income credit allowable for the taxable year under § 32 of the Internal Revenue Code multiplied by 10 times the county income tax rate for the taxable year; or

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

(Over)

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(2) (i) A county may provide, by law, for a refundable county earned income credit as provided in this paragraph.

(ii) If a county provides for a refundable county earned income credit under this paragraph, on or before July 1 prior to the beginning of the first taxable year for which it is applicable, the county shall give the Comptroller notice of the refundable county earned income credit.

(iii) If a county provides for a refundable county earned income credit under this paragraph, a resident may claim a refund of the amount, if any, by which the product of multiplying the credit allowable for the taxable year under § 32 of the Internal Revenue Code by 5 times the county income tax rate for the taxable year exceeds the county income tax for the taxable year.

(iv) The amount of any refunds payable under a refundable county earned income credit operates to reduce the income tax revenue from individuals attributable to the county income tax for that county.

(d) For an individual who is a resident of the State for only a part of the year, the amount of the credit or refund allowed under this section shall be determined based on the part of the earned income credit allowable for the taxable year under § 32 of the Internal Revenue Code that is attributable to Maryland, determined by multiplying the federal earned income credit by a fraction:

(1) the numerator of which is the Maryland adjusted gross income of the individual; and

(2) the denominator of which is the federal adjusted gross income of the individual.”.

AMENDMENT NO. 7

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On page 2, in line 30, after “2016” insert “, and shall be applicable to all taxable years beginning after December 31, 2016”.