

# SENATE BILL 422

Q3

8lr1340  
CF 8lr0561

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By: **Senators King, Astle, Bates, Benson, Conway, Currie, DeGrange, Eckardt, Edwards, Feldman, Ferguson, Guzzone, Kagan, Klausmeier, Lee, Madaleno, Manno, McFadden, Middleton, Muse, Norman, Peters, Pinsky, Ready, Robinson, Salling, Serafini, Simonaire, Smith, Waugh, Young, Zirkin, and Zucker**

Introduced and read first time: January 25, 2018

Assigned to: Budget and Taxation

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## A BILL ENTITLED

1 AN ACT concerning

2 **Income Tax – Credit for Child and Dependent Care Expenses – Income**  
3 **Eligibility**

4 FOR the purpose of altering the maximum income limits on eligibility for a certain credit  
5 allowed against the State income tax for certain child and dependent care expenses;  
6 altering certain income levels above which a certain phase-out of the tax credit is  
7 required; providing for the application of this Act; and generally relating to a State  
8 income tax credit for child and dependent care expenses.

9 BY repealing and reenacting, with amendments,  
10 Article – Tax – General  
11 Section 10–716  
12 Annotated Code of Maryland  
13 (2016 Replacement Volume and 2017 Supplement)

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

16 **Article – Tax – General**

17 10–716.

18 (a) (1) In this section the following words have the meanings indicated.

19 (2) “Federal child and dependent care credit” means the child and  
20 dependent care credit properly claimed by an individual **OR A MARRIED COUPLE** for the

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EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 taxable year under § 21 of the Internal Revenue Code.

2 (3) “Qualifying individual” means a qualifying individual within the  
3 meaning of § 21(b) of the Internal Revenue Code.

4 (b) An individual **WHO DOES NOT FILE A JOINT INCOME TAX RETURN** whose  
5 federal adjusted gross income for the taxable year does not exceed **[\$50,000] \$100,000**, or  
6 **[\$25,000] \$150,000** in the case of a married [individual filing a separate return] **COUPLE**  
7 **FILING A JOINT INCOME TAX RETURN**, may claim a credit against the State income tax  
8 as provided in this section for expenses paid by the individual **OR MARRIED COUPLE**  
9 during the taxable year for the care of a qualifying individual.

10 (c) Subject to subsection (d) of this section, the credit allowed under this section  
11 equals the lesser of:

12 (1) 32.5% of the federal child and dependent care credit; or

13 (2) the State income tax for the taxable year.

14 (d) (1) [If an] **IN THE CASE OF AN INDIVIDUAL WHO DOES NOT FILE A**  
15 **JOINT INCOME TAX RETURN, IF THE** individual’s federal adjusted gross income for the  
16 taxable year exceeds **[\$41,000] \$91,000**, the credit otherwise allowed under this section  
17 shall be reduced by 10% for each \$1,000 or fraction of \$1,000 by which the individual’s  
18 federal adjusted gross income exceeds **[\$41,000] \$91,000**.

19 (2) In the case of a married [individual filing a separate return] **COUPLE**  
20 **FILING A JOINT INCOME TAX RETURN**, if the [individual’s] **COUPLE’S** federal adjusted  
21 gross income for the taxable year exceeds **[\$20,500] \$141,000**, the credit otherwise allowed  
22 under this section shall be reduced by 10% for each **[\$500] \$1,000** or fraction of **[\$500]**  
23 **\$1,000** by which the [individual’s] **COUPLE’S** federal adjusted gross income exceeds  
24 **[\$20,500] \$141,000**.

25 (e) The credit allowed under this section does not affect the treatment under this  
26 title of any deduction or exclusion allowed under this title or allowed for federal income tax  
27 purposes for expenses paid by the individual **OR MARRIED COUPLE** for the care of a  
28 qualifying individual.

29 **SECTION 2. AND BE IT FURTHER ENACTED**, That this Act shall take effect July  
30 1, 2018, and shall be applicable to all taxable years beginning after December 31, 2017.