

# SENATE BILL 243

Q3

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By: **Senator Guzzone (By Request – Office of the Comptroller)**

Introduced and read first time: January 24, 2023

Assigned to: Budget and Taxation

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## A BILL ENTITLED

1 AN ACT concerning

2 **Income Tax – Child and Dependent Care Tax Credit – Alterations**

3 FOR the purpose of altering eligibility for the State child and dependent care tax credit;  
4 and generally relating to the child and dependent care tax credit.

5 BY repealing and reenacting, with amendments,

6 Article – Tax – General

7 Section 10–716(a), (b), (d), (e), and (g)

8 Annotated Code of Maryland

9 (2022 Replacement Volume)

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

12 **Article – Tax – General**

13 10–716.

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

15 (2) “Federal child and dependent care credit” means the child and  
16 dependent care credit properly claimed by an individual for the taxable year under § 21 of  
17 the Internal Revenue Code.

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

20 (4) **“TAXPAYER” MEANS:**

21 (I) **AN INDIVIDUAL FILING AN INCOME TAX RETURN; OR**

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EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1                   **(II) A MARRIED COUPLE FILING A JOINT INCOME TAX RETURN.**

2           (b) [An individual or a married couple filing a joint income tax return] **A**  
3 **RESIDENT WHO IS A TAXPAYER** may claim a credit against the State income tax as  
4 provided in this section for expenses paid by the [individual or married couple] **TAXPAYER**  
5 during a taxable year for the care of a qualifying individual if the federal adjusted gross  
6 income of the [individual or married couple] **TAXPAYER** for the taxable year does not  
7 exceed:

8                   (1) \$92,000, in the case of an individual; or

9                   (2) \$143,000, in the case of a married couple filing a joint income tax  
10 return.

11           (d) (1) If [an individual's] **THE** federal adjusted gross income **OF A TAXPAYER**  
12 **FILING AN INDIVIDUAL RETURN** for the taxable year exceeds \$30,000, the credit  
13 otherwise allowed under this section shall be reduced by 1% for each \$2,000 or fraction of  
14 \$2,000 by which the individual's federal adjusted gross income exceeds \$30,000.

15                   (2) In the case of **AN INDIVIDUAL WHO IS A MEMBER OF** a married couple  
16 filing a joint income tax return, if the individual's federal adjusted gross income for the  
17 taxable year exceeds \$50,000, the credit otherwise allowed under this section shall be  
18 reduced by 1% for each \$3,000 or fraction of \$3,000 by which the individual's federal  
19 adjusted gross income exceeds \$50,000.

20           (e) If the credit allowed under this section in any taxable year exceeds the State  
21 income tax for that taxable year, the [individual or married couple] **TAXPAYER** may claim  
22 a refund in the amount of the excess if the [individual's or married couple's] **TAXPAYER'S**  
23 federal adjusted gross income does not exceed:

24                   (1) \$50,000 in the case of an individual; or

25                   (2) \$75,000 in the case of a married couple filing a joint income tax return.

26           (g) The credit allowed under this section does not affect the treatment under this  
27 title of any deduction or exclusion allowed under this title or allowed for federal income tax  
28 purposes for expenses paid by the [individual] **TAXPAYER** for the care of a qualifying  
29 individual.

30           **SECTION 2. AND BE IT FURTHER ENACTED,** That this Act shall take effect July  
31 1, 2023, and shall be applicable to all taxable years beginning after December 31, 2022.