

## Chapter 629

**(House Bill 614)**

AN ACT concerning

**Local Earned Income Tax Credit – Calculation – County Income Tax Rate**

FOR the purpose of clarifying the county income tax rate used to calculate the local earned income tax credit that certain individuals may claim against the county income tax; and generally relating to the local earned income tax credit.

BY repealing and reenacting, with amendments,  
Article – Tax – General  
Section ~~10-704(d)~~ 10-704(a) and (d)  
Annotated Code of Maryland  
(2022 Replacement Volume and 2024 Supplement)

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

**Article – Tax – General**

10-704.

(a) (1) In this section[, “taxpayer”] THE FOLLOWING WORDS HAVE THE MEANINGS INDICATED.

(2) “APPLICABLE COUNTY INCOME TAX RATE” MEANS:

(I) IF A COUNTY IMPOSES A MARGINAL INCOME TAX RATE, THE COUNTY’S LOWEST MARGINAL INCOME TAX RATE FOR THE TAXABLE YEAR; OR

(II) IF A COUNTY IMPOSES ONE OR MORE FLAT INCOME TAX RATES, THE COUNTY INCOME TAX RATE FOR THE TAXABLE YEAR THAT IS APPLICABLE TO THE TAXPAYER’S INCOME LEVEL AND FILING STATUS AS ESTABLISHED BY THE COUNTY.

(3) “TAXPAYER” means:

[(1)] (I) an individual filing an income tax return; or

[(2)] (II) a married couple filing a joint income tax return.

(d) (1) Except as provided in paragraph (2) of this subsection and subject to subsection (e) of this section, the credit allowed against the county income tax under subsection (b)(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 or that would have been allowable but for the limitation under § 32(m) of the Internal Revenue Code multiplied by 10 times the APPLICABLE ~~[county] COUNTY'S LOWEST MARGINAL~~ income tax rate for the taxable year; or

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

(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 or that would have been allowable but for the limitation under § 32(m) of the Internal Revenue Code by 5 times the APPLICABLE ~~[county] COUNTY'S LOWEST MARGINAL~~ 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.

SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect July 1, 2025, and shall be applicable to all taxable years beginning after December 31, 2024.

**Approved by the Governor, May 20, 2025.**