

HOUSE BILL 614

Q3

5lr1726

By: **Chair, Ways and Means Committee (By Request – Office of the Comptroller)**

Introduced and read first time: January 23, 2025

Assigned to: Ways and Means

A BILL ENTITLED

1 AN ACT concerning

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

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

6 BY repealing and reenacting, with amendments,
7 Article – Tax – General
8 Section 10–704(d)
9 Annotated Code of Maryland
10 (2022 Replacement Volume and 2024 Supplement)

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

13 **Article – Tax – General**

14 10–704.

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

18 (i) the earned income credit allowable for the taxable year under §
19 32 of the Internal Revenue Code or that would have been allowable but for the limitation
20 under § 32(m) of the Internal Revenue Code multiplied by 10 times the [county] COUNTY'S
21 **LOWEST MARGINAL** income tax rate for the taxable year; or

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

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



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

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

7 (iii) If a county provides for a refundable county earned income credit
8 under this paragraph, a resident may claim a refund of the amount, if any, by which the
9 product of multiplying the credit allowable for the taxable year under § 32 of the Internal
10 Revenue Code or that would have been allowable but for the limitation under § 32(m) of
11 the Internal Revenue Code by 5 times the [county] **COUNTY'S LOWEST MARGINAL** income
12 tax rate for the taxable year exceeds the county income tax for the taxable year.

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

16 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect July
17 1, 2025, and shall be applicable to all taxable years beginning after December 31, 2024.