

Chapter 204

(House Bill 363)

AN ACT concerning

Income Tax – Local Local Government – Grant for Recipients of State Child Tax Credit – Authorization

FOR the purpose of authorizing a county to provide, by law, a ~~credit against the county grant to recipients of the State~~ income tax credit for certain dependent children, subject to certain limitations; and generally relating to ~~a credit against the county county grants to recipients of the State~~ income tax credit for dependent children.

BY adding to

Article – Local Government
Section 12–906
Annotated Code of Maryland
(2013 Volume and 2025 Supplement)

BY repealing and reenacting, with amendments,

Article – Tax – General
 Section ~~10–706, 10–751, and 10–809~~ 10–706 and 10–809
 Annotated Code of Maryland
 (2022 Replacement Volume and 2025 Supplement)

BY repealing and reenacting, without amendments,

Article – Tax – General
Section 10–751
Annotated Code of Maryland
(2022 Replacement Volume and 2025 Supplement)

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

Article – Local Government**12–906.**

(A) (1) IN THIS SECTION THE FOLLOWING WORDS HAVE THE MEANINGS INDICATED.

(2) “FEDERAL ADJUSTED GROSS INCOME”, “FIDUCIARY”, “RESIDENT”, AND “TAXABLE YEAR” HAVE THE MEANINGS STATED IN § 10–101 OF THE TAX – GENERAL ARTICLE.

(3) “QUALIFIED CHILD” AND “TAXPAYER” HAVE THE MEANINGS STATED IN § 10-751 OF THE TAX – GENERAL ARTICLE.

(B) A COUNTY MAY PROVIDE, BY LAW, FOR A GRANT FOR EACH QUALIFIED CHILD OF A TAXPAYER IF:

(1) THE TAXPAYER HAS FEDERAL ADJUSTED GROSS INCOME LOWER THAN THE THRESHOLD AMOUNT OF \$15,000; AND

(2) THE TAXPAYER AND EACH QUALIFIED CHILD ARE RESIDENTS, OTHER THAN FIDUCIARIES, WHO ON THE LAST DAY OF THE TAXABLE YEAR ARE:

(I) DOMICILED IN THAT COUNTY; OR

(II) MAINTAIN A PRINCIPAL RESIDENCE OR PLACE OF ABODE IN THAT COUNTY.

(C) THE AMOUNT OF A GRANT ALLOWED UNDER THIS SECTION SHALL BE REDUCED BY 10% FOR EACH \$1,000, OR FRACTION THEREOF, BY WHICH THE TAXPAYER’S FEDERAL ADJUSTED GROSS INCOME EXCEEDS THE THRESHOLD AMOUNT, EXCEPT THAT THE REDUCTION CANNOT REDUCE THE GRANT BELOW ZERO.

(D) A COUNTY MAY PROVIDE, BY LAW, FOR:

(1) THE AMOUNT OF THE GRANT UNDER SUBSECTION (B) OF THIS SECTION; AND

(2) ANY OTHER PROVISION NECESSARY TO CARRY OUT THE GRANT UNDER THIS SECTION.

~~(E) A COUNTY THAT PROVIDES A GRANT UNDER THIS SECTION SHALL REIMBURSE THE COMPTROLLER FOR REASONABLE EXPENSES INCURRED BY THE COMPTROLLER TO PROVIDE THE COUNTY INFORMATION NECESSARY TO IMPLEMENT THE GRANT.~~

Article – Tax – General

10-706.

(a) Except as otherwise provided in this section, a credit allowed under this subtitle is allowed against the State income tax only.

(b) A credit under § 10-701 of this subtitle is allowed against the total county and State income taxes.

~~(e) (1) A credit allowed under [§ 10-704(a)(1) or] § 10-704(B)(1), § 10-709(b)(1), OR § 10-751(B) of this subtitle is allowed against the State income tax only.~~

~~(2) A credit allowed under [§ 10-704(a)(2) or] § 10-704(B)(2), § 10-709(b)(2), OR § 10-751(C) of this subtitle is allowed against the county income tax only.~~

(c) (1) A credit allowed under [§ 10-704(a)(1)] § 10-704(B)(1) or § 10-709(b)(1) of this subtitle is allowed against the State income tax only.

(2) A credit allowed under [§ 10-704(a)(2)] § 10-704(B)(2) or § 10-709(b)(2) of this subtitle is allowed against the county income tax only.

10-751.

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

(2) “Qualified child” means a dependent of a taxpayer, if the dependent:

(i) is a dependent for purposes of § 152 of the Internal Revenue Code in effect on December 31, 2024; and

(ii) 1. is under the age of 6 years; or

2. A. is under the age of 17 years; and

B. is a child with a disability, as defined under § 8-401 of the Education Article.

(3) “Taxpayer” means:

(i) an individual filing an income tax return; or

(ii) a married couple filing a joint income tax return.

(b) ~~(1)~~ A taxpayer who is a resident and has federal adjusted gross income lower than the threshold amount of \$15,000 may claim a credit against the State income tax for each qualified child in an amount equal to \$500.

~~[(c)]~~ ~~(2)~~ The amount of the credit ~~ALLOWED UNDER THIS SUBSECTION~~ shall be reduced by \$50 for each \$1,000, or fraction thereof, by which the taxpayer’s federal adjusted gross income exceeds the threshold amount, except that the reduction cannot reduce the credit below zero.

~~[(d)] (3)~~ If the credit allowed under this ~~[section] SUBSECTION~~ in any taxable year exceeds the State income tax for that taxable year, the taxpayer may claim a refund in the amount of the excess.

~~(c) (1) A COUNTY MAY PROVIDE, BY LAW, FOR A CREDIT AGAINST THE COUNTY INCOME TAX FOR EACH QUALIFIED CHILD OF A TAXPAYER IF:~~

~~(i) THE TAXPAYER HAS FEDERAL ADJUSTED GROSS INCOME LOWER THAN THE THRESHOLD AMOUNT OF \$15,000; AND~~

~~(ii) THE TAXPAYER AND EACH QUALIFIED CHILD ARE RESIDENTS, OTHER THAN FIDUCIARIES, WHO ON THE LAST DAY OF THE TAXABLE YEAR:~~

~~1. ARE DOMICILED IN THAT COUNTY; OR~~

~~2. MAINTAIN A PRINCIPAL RESIDENCE OR PLACE OF ABODE IN THAT COUNTY.~~

~~(2) THE AMOUNT OF THE COUNTY INCOME TAX CREDIT ALLOWED UNDER THIS SUBSECTION SHALL BE REDUCED BY \$50 FOR EACH \$1,000, OR FRACTION THEREOF, BY WHICH THE TAXPAYER'S FEDERAL ADJUSTED GROSS INCOME EXCEEDS THE THRESHOLD AMOUNT, EXCEPT THAT THE REDUCTION CANNOT REDUCE THE CREDIT BELOW ZERO.~~

~~(3) IF A COUNTY PROVIDES FOR A COUNTY INCOME TAX CREDIT UNDER THIS SUBSECTION, 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 COUNTY INCOME TAX CREDIT.~~

~~(4) A COUNTY MAY PROVIDE, BY LAW, FOR:~~

~~(i) THE AMOUNT OF THE COUNTY INCOME TAX CREDIT UNDER THIS SUBSECTION; AND~~

~~(ii) IF THE CREDIT ALLOWED UNDER THIS SUBSECTION IN ANY TAXABLE YEAR EXCEEDS THE TOTAL COUNTY INCOME TAX OTHERWISE PAYABLE BY A TAXPAYER, WHETHER THE TAXPAYER MAY CLAIM A REFUND IN THE AMOUNT OF THE EXCESS.~~

If an individual is not required to file an income tax return under § 10–805, § 10–806, or § 10–813 of this subtitle, the individual:

(1) is not liable for income tax; and

(2) may file an income tax return to claim a refund of the income tax withheld or estimated income tax paid or a refund under § 10–704, § 10–707, [or] § 10–714, ~~OR § 10–751(c)~~ § 10–751 of this title.

SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect June 1, 2026, ~~and shall be applicable to all taxable years beginning after December 31, 2026.~~

Approved by the Governor, April 28, 2026.