

HOUSE BILL 363

Q3

6lr1399
CF 6lr1401

By: Delegate Palakovich Carr

Introduced and read first time: January 19, 2026

Assigned to: Ways and Means

A BILL ENTITLED

1 AN ACT concerning

2 **Income Tax – Local Child Tax Credit – Authorization**

3 FOR the purpose of authorizing a county to provide, by law, a credit against the county
4 income tax for certain dependent children; and generally relating to a credit against
5 the county income tax for dependent children.

6 BY repealing and reenacting, with amendments,
7 Article – Tax – General
8 Section 10–706, 10–751, and 10–809
9 Annotated Code of Maryland
10 (2022 Replacement Volume and 2025 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 10–706.

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

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

19 (c) (1) A credit allowed under [§ 10–704(a)(1) or] **§ 10–704(B)(1)**, §
20 10–709(b)(1), OR **§ 10–751(B)** of this subtitle is allowed against the State income tax only.

21 (2) A credit allowed under [§ 10–704(a)(2) or] **§ 10–704(B)(2)**, §
22 10–709(b)(2), OR **§ 10–751(C)** of this subtitle is allowed against the county income tax only.

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 10-751.

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

3 (2) "Qualified child" means a dependent of a taxpayer, if the dependent:

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

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

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

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

10 (3) "Taxpayer" means:

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

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

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

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

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

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

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

27 (II) **THE TAXPAYER AND EACH QUALIFIED CHILD ARE**
28 **RESIDENTS, OTHER THAN FIDUCIARIES, WHO ON THE LAST DAY OF THE TAXABLE**
29 **YEAR:**

1 1. ARE DOMICILED IN THAT COUNTY; OR

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

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

9 (3) IF A COUNTY PROVIDES FOR A COUNTY INCOME TAX CREDIT
10 UNDER THIS SUBSECTION, ON OR BEFORE JULY 1 PRIOR TO THE BEGINNING OF THE
11 FIRST TAXABLE YEAR FOR WHICH IT IS APPLICABLE, THE COUNTY SHALL GIVE THE
12 COMPTROLLER NOTICE OF THE COUNTY INCOME TAX CREDIT.

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

14 (I) THE AMOUNT OF THE COUNTY INCOME TAX CREDIT UNDER
15 THIS SUBSECTION; AND

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

20 10-809.

21 If an individual is not required to file an income tax return under § 10-805, §
22 10-806, or § 10-813 of this subtitle, the individual:

23 (1) is not liable for income tax; and

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

27 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect June
28 1, 2026, and shall be applicable to all taxable years beginning after December 31, 2026.