

HOUSE BILL 363

Q3

6lr1399
CF SB 468

By: **Delegate Palakovich Carr**

Introduced and read first time: January 19, 2026

Assigned to: Ways and Means

Committee Report: Favorable with amendments

House action: Adopted

Read second time: March 3, 2026

CHAPTER _____

1 AN ACT concerning

2 ~~Income Tax – Local~~ **Local Government – Grant for Recipients of State Child Tax**
3 **Credit – Authorization**

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

8 BY adding to

9 Article – Local Government

10 Section 12–906

11 Annotated Code of Maryland

12 (2013 Volume and 2025 Supplement)

13 BY repealing and reenacting, with amendments,

14 Article – Tax – General

15 Section ~~10–706, 10–751, and 10–809~~ 10–706 and 10–809

16 Annotated Code of Maryland

17 (2022 Replacement Volume and 2025 Supplement)

18 BY repealing and reenacting, without amendments,

19 Article – Tax – General

20 Section 10–751

21 Annotated Code of Maryland

22 (2022 Replacement Volume and 2025 Supplement)

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.

Underlining indicates amendments to bill.

~~Strike out~~ indicates matter stricken from the bill by amendment or deleted from the law by amendment.



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

3 Article – Local Government

4 12-906.

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

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

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

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

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

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

18 (I) DOMICILED IN THAT COUNTY; OR

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

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

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

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

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

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

5 **Article – Tax – General**

6 10–706.

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

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

11 ~~(e) (1) A credit allowed under [§ 10–704(a)(1) or] § 10–704(B)(1), §~~
 12 ~~10–709(b)(1), OR § 10–751(B) of this subtitle is allowed against the State income tax only.~~

13 ~~(2) A credit allowed under [§ 10–704(a)(2) or] § 10–704(B)(2), §~~
 14 ~~10–709(b)(2), OR § 10–751(C) of this subtitle is allowed against the county income tax only.~~

15 (c) (1) A credit allowed under [§ 10–704(a)(1)] § 10–704(B)(1) or §
 16 10–709(b)(1) of this subtitle is allowed against the State income tax only.

17 (2) A credit allowed under [§ 10–704(a)(2)] § 10–704(B)(2) or §
 18 10–709(b)(2) of this subtitle is allowed against the county income tax only.

19 10–751.

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

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

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

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

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

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

28 (3) “Taxpayer” means:

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

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

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

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

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

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

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

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

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

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

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

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

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

1 ~~(I) THE AMOUNT OF THE COUNTY INCOME TAX CREDIT UNDER~~
2 ~~THIS SUBSECTION; AND~~

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

7 10-809.

8 If an individual is not required to file an income tax return under § 10-805, §
9 10-806, or § 10-813 of this subtitle, the individual:

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

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

14 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect June
15 1, 2026, ~~and shall be applicable to all taxable years beginning after December 31, 2026.~~

Approved:

Governor.

Speaker of the House of Delegates.

President of the Senate.