



## Letter of Support

### House Bill 614 – Local Earned Income Tax Credit – Calculation – County Income Tax Rate *Budget & Taxation Committee* *March 27, 2025*

House Bill 614 (HB614) is a simple corrective bill that seeks to clarify how the local earned income tax credit is calculated in counties with multiple tax rates.

#### What this bill does

HB614 clarifies that for the purposes of calculating the local earned income tax credit, the Office of the Comptroller will use the county's lowest marginal income tax rate for the taxable year.

#### Why this bill is important

Maryland taxpayers have the opportunity to claim their local earned income tax credit against their county income taxes. This credit is determined by taking the lesser of the federal credit allowed under the Internal Revenue Code or ten times the county income tax rate for the taxable year. In most cases, this calculation is straightforward. However, two counties have adopted bracketed tax systems with multiple county income tax rates. In those instances, the Comptroller is required to determine which county income tax rate to use for determining the credit.

HB614 provides a clear way to determine the local earned income credit for counties with multiple tax rates. This change will not impact counties with a single county income tax rate but will provide clarity for any county that chooses to adopt a bracketed system for local income taxes.

**I urge a favorable report on HB614.** If you have any questions, please do not hesitate to reach out to Matthew Dudzic, Director of State Affairs, at [MDudzic@marylandtaxes.gov](mailto:MDudzic@marylandtaxes.gov).

Brooke E. Lierman  
Comptroller of Maryland

