

HOUSE BILL 331

Q3

2lr0466

By: **Delegates Rosenberg, Hixson, and Frick**
Introduced and read first time: January 30, 2012
Assigned to: Ways and Means

A BILL ENTITLED

1 AN ACT concerning

2 **Income Tax – Refundable Earned Income Credit**

3 FOR the purpose of altering the percentage of the federal earned income credit used
4 for determining the amount that an individual may claim as a refund under the
5 State earned income tax credit under certain circumstances; providing for the
6 application of this Act; and generally relating to the State refundable earned
7 income tax credit.

8 BY repealing and reenacting, without amendments,
9 Article – Tax – General
10 Section 10–704(a)
11 Annotated Code of Maryland
12 (2010 Replacement Volume and 2011 Supplement)

13 BY repealing and reenacting, with amendments,
14 Article – Tax – General
15 Section 10–704(b)
16 Annotated Code of Maryland
17 (2010 Replacement Volume and 2011 Supplement)

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

20 **Article – Tax – General**

21 10–704.

22 (a) (1) An individual may claim a credit against the State income tax for a
23 taxable year in the amount determined under subsection (b) of this section for earned
24 income.

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 (2) An individual may claim a credit against the county income tax for
2 a taxable year in the amount determined under subsection (c) of this section for earned
3 income.

4 (b) (1) Except as provided in paragraph (2) of this subsection and subject
5 to subsection (d) of this section, the credit allowed against the State income tax under
6 subsection (a)(1) of this section is the lesser of:

7 (i) 50% of the earned income credit allowable for the taxable
8 year under § 32 of the Internal Revenue Code; or

9 (ii) the State income tax for the taxable year.

10 (2) An individual may claim a refund in the amount, if any, by which
11 **[25%] 30%** of the earned income credit allowable for the taxable year under § 32 of the
12 Internal Revenue Code exceeds the State income tax for the taxable year.

13 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
14 July 1, 2012, and shall be applicable to all taxable years beginning after December 31,
15 2011.