Q3 9lr0990 CF 9lr1519

By: Senators Ferguson, Benson, Carter, Elfreth, Guzzone, Hayes, McCray, Patterson, Peters, Pinsky, Smith, Washington, Young, and Zucker

Introduced and read first time: January 25, 2019

Assigned to: Budget and Taxation

	A BILL ENTITLED
1	AN ACT concerning
2 3	Earned Income Tax Credit – Individuals Without Qualifying Children – Calculation and Refundability
4 5 6 7 8	FOR the purpose of altering the calculation of the Maryland earned income tax credit to increase the amount of credit that certain individuals without qualifying children may claim; allowing certain individuals to claim a refund of the credit; providing for the application of this Act; and generally relating to the Maryland earned income tax credit.
9 10 11 12 13	BY repealing and reenacting, with amendments, Article – Tax – General Section 10–704 Annotated Code of Maryland (2016 Replacement Volume and 2018 Supplement)
14 15	SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND, That the Laws of Maryland read as follows:
16	Article - Tax - General
17	10–704.
18 19	(a) (1) A resident may claim a credit against the State income tax for a taxable year in the amount determined under subsection (b) of this section for earned income.
20 21 22	(2) A resident may claim a credit against the county income tax for a taxable year in the amount determined under subsection (c) of this section for earned income.

Except as provided in paragraphs (2) and (3) of this subsection and

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.

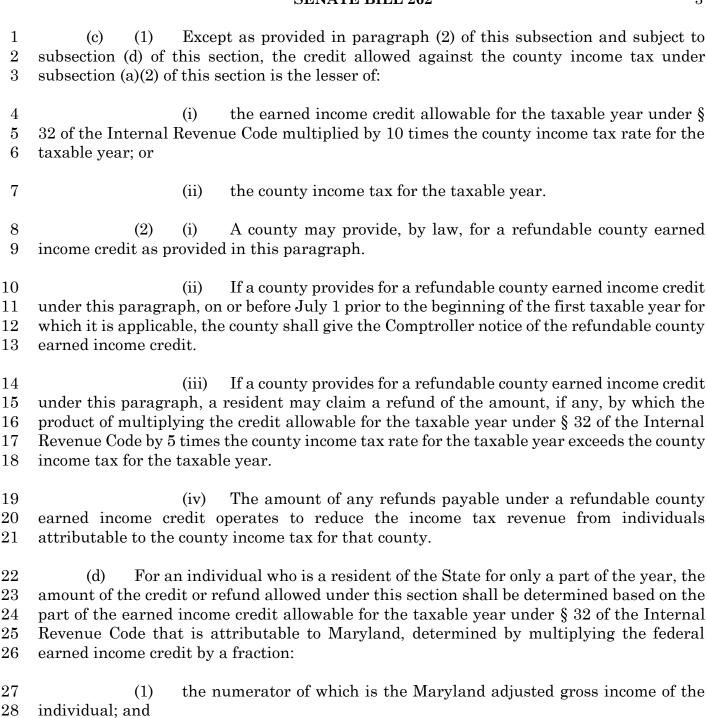
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(b)

(1)



- subject to subsection (d) of this section, the credit allowed against the State income tax under subsection (a)(1) of this section is the lesser of:
- 3 (i) 50% of the earned income credit allowable for the taxable year 4 under § 32 of the Internal Revenue Code; or
- 5 (ii) the State income tax for the taxable year.
- 6 (2) (i) Subject to subsection (d) of this section, a resident may claim a 7 refund in the amount, if any, by which the applicable percentage specified in subparagraph 8 (ii) of this paragraph of the earned income credit allowable for the taxable year under § 32 9 of the Internal Revenue Code exceeds the State income tax for the taxable year.
- 10 (ii) The applicable percentage of the earned income credit allowable 11 under § 32 of the Internal Revenue Code to be used for purposes of determining the refund 12 provided under this paragraph is:
- 13 1. 25% for a taxable year beginning after December 31, 2013, but before January 1, 2015;
- 25.5% for a taxable year beginning after December 31, 2014, but before January 1, 2016;
- 17 3. 26% for a taxable year beginning after December 31, 2015, 18 but before January 1, 2017;
- 4. 27% for a taxable year beginning after December 31, 2016, but before January 1, 2018; and
- 5. 28% for a taxable year beginning after December 31, 2017.
- 22 (3) (I) THE CREDIT ALLOWED AGAINST THE STATE INCOME TAX
 23 UNDER SUBSECTION (A)(1) OF THIS SECTION FOR AN INDIVIDUAL WITHOUT A
 24 QUALIFYING CHILD IS EQUAL TO 100% OF THE EARNED INCOME CREDIT ALLOWABLE
 25 FOR THE TAXABLE YEAR UNDER § 32 OF THE INTERNAL REVENUE CODE.
- (II) IF THE TAX CREDIT ALLOWED UNDER THIS PARAGRAPH IN ANY TAXABLE YEAR EXCEEDS THE TOTAL TAX OTHERWISE PAYABLE BY THE INDIVIDUAL WITHOUT A QUALIFYING CHILD FOR THAT TAXABLE YEAR, THE INDIVIDUAL MAY CLAIM A REFUND IN THE AMOUNT OF THE EXCESS.
- [(3)] (III) For purposes of this section for an individual without a qualifying child, the credit allowable for a taxable year under § 32 of the Internal Revenue Code is calculated without regard to the minimum age requirement under § 32(c)(1)(A)(ii)(II) of the Internal Revenue Code.



SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect July 1, 2019, and shall be applicable to all taxable years beginning after December 31, 2018.

the denominator of which is the federal adjusted gross income of the

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(2)

individual.