

# SENATE BILL 727

Q3

4r2365  
CF HB 198

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By: **Senators Madaleno, Currie, Frosh, Jones–Rodwell, Kasemeyer, King, Klausmeier, Montgomery, Raskin, Rosapepe, ~~and Shank~~ Shank, McFadden, Colburn, DeGrange, Edwards, Getty, Manno, Peters, and Robey**

Introduced and read first time: January 31, 2014

Assigned to: Budget and Taxation

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Committee Report: Favorable with amendments

Senate action: Adopted

Read second time: March 26, 2014

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## CHAPTER \_\_\_\_\_

1 AN ACT concerning

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

3 FOR the purpose of altering, for certain taxable years, the percentage of the federal  
4 earned income credit used for determining the amount that an individual may  
5 claim as a refund under the Maryland earned income credit under certain  
6 circumstances; and generally relating to the earned income credit allowed under  
7 the State income tax.

8 BY repealing and reenacting, without amendments,  
9 Article – Tax – General  
10 Section 10–704(a) and (b)(1)  
11 Annotated Code of Maryland  
12 (2010 Replacement Volume and 2013 Supplement)

13 BY repealing and reenacting, with amendments,  
14 Article – Tax – General  
15 Section 10–704(b)(2)  
16 Annotated Code of Maryland  
17 (2010 Replacement Volume and 2013 Supplement)

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

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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 **Article – Tax – General**

2 10–704.

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

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

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

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

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

15 (2) (I) An individual may claim a refund in the amount, if any, by  
16 which [25%] **THE APPLICABLE PERCENTAGE SPECIFIED IN SUBPARAGRAPH (II)**  
17 **OF THIS PARAGRAPH** of the earned income credit allowable for the taxable year  
18 under § 32 of the Internal Revenue Code exceeds the State income tax for the taxable  
19 year.

20 (II) **THE APPLICABLE PERCENTAGE OF THE EARNED**  
21 **INCOME CREDIT ALLOWABLE UNDER § 32 OF THE INTERNAL REVENUE CODE TO**  
22 **BE USED FOR PURPOSES OF DETERMINING THE REFUND PROVIDED UNDER THIS**  
23 **PARAGRAPH IS:**

24 1. ~~26%~~ **25.5%** FOR A TAXABLE YEAR BEGINNING  
25 AFTER DECEMBER 31, ~~2013~~ **2014**, BUT BEFORE JANUARY 1, ~~2015~~ **2016**;

26 2. ~~27%~~ **26%** FOR A TAXABLE YEAR BEGINNING AFTER  
27 DECEMBER 31, ~~2014~~ **2015**, BUT BEFORE JANUARY 1, ~~2016~~ **2017**;

28 3. ~~28%~~ **27%** FOR A TAXABLE YEAR BEGINNING AFTER  
29 DECEMBER 31, ~~2015~~ **2016**, BUT BEFORE JANUARY 1, ~~2017~~ **2018**; AND

30 4. ~~29%~~ **28%** FOR A TAXABLE YEAR BEGINNING AFTER  
31 ~~DECEMBER 31, 2016, BUT BEFORE JANUARY 1, 2018; AND~~

1                                   ~~5. 30% FOR A TAXABLE YEAR BEGINNING AFTER~~  
2     **DECEMBER 31, 2017.**

3           SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect  
4     July 1, 2014.

Approved:

\_\_\_\_\_ Governor.

\_\_\_\_\_ President of the Senate.

\_\_\_\_\_ Speaker of the House of Delegates.