

# SENATE BILL 840

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By: **The President (By Request – Maryland Economic Development and Business  
Climate Commission)**

Introduced and read first time: February 5, 2016

Assigned to: Budget and Taxation

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## A BILL ENTITLED

1 AN ACT concerning

2 **Income Tax – Earned Income Tax Credit – Refundability**

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

7 BY repealing and reenacting, without amendments,

8 Article – Tax – General

9 Section 10–704(a) and (b)(1)

10 Annotated Code of Maryland

11 (2010 Replacement Volume and 2015 Supplement)

12 BY repealing and reenacting, with amendments,

13 Article – Tax – General

14 Section 10–704(b)(2)

15 Annotated Code of Maryland

16 (2010 Replacement Volume and 2015 Supplement)

17 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND,

18 That the Laws of Maryland read as follows:

19 **Article – Tax – General**

20 10–704.

21 (a) (1) A resident may claim a credit against the State income tax for a taxable  
22 year in the amount determined under subsection (b) of this section for earned income.

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EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1           (2) A resident may claim a credit against the county income tax for a  
2 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 to  
5 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 year  
8 under § 32 of the Internal Revenue Code; or

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

10           (2) (i) Subject to subsection (d) of this section, a resident may claim a  
11 refund in the amount, if any, by which the applicable percentage specified in subparagraph  
12 (ii) of this paragraph of the earned income credit allowable for the taxable year under § 32  
13 of the Internal Revenue Code exceeds the State income tax for the taxable year.

14                   (ii) The applicable percentage of the earned income credit allowable  
15 under § 32 of the Internal Revenue Code to be used for purposes of determining the refund  
16 provided under this paragraph is:

17                           1. 25% for a taxable year beginning after December 31, 2013,  
18 but before January 1, 2015;

19                           2. 25.5% for a taxable year beginning after December 31,  
20 2014, but before January 1, 2016; AND

21                           3. ~~[26%]~~ **28%** for a taxable year beginning after December  
22 31, 2015[, but before January 1, 2017;

23                           4. 27% for a taxable year beginning after December 31, 2016,  
24 but before January 1, 2018; and

25                           5. 28% for a taxable year beginning after December 31,  
26 2017].

27           SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect July  
28 1, 2016.