

SENATE BILL 717

Q3
SB 263/19 – B&T

0lr3540
CF HB 679

By: **Senators Griffith, Augustine, Elfreth, Ellis, Hayes, and McCray**

Introduced and read first time: February 3, 2020

Assigned to: Budget and Taxation

A BILL ENTITLED

1 AN ACT concerning

2 **Earned Income Tax Credit – Individuals Without Qualifying Children**
3 **– Eligibility**

4 FOR the purpose of expanding the eligibility of the Maryland earned income tax credit to
5 allow certain individuals without qualifying children to claim the credit; providing
6 that the amount of the credit that may be claimed by certain individuals is adjusted
7 for inflation each year; providing for the application of this Act; and generally
8 relating to the Maryland earned income tax credit.

9 BY repealing and reenacting, with amendments,
10 Article – Tax – General
11 Section 10–704
12 Annotated Code of Maryland
13 (2016 Replacement Volume and 2019 Supplement)

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

16 **Article – Tax – General**

17 10–704.

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

20 (2) A resident may claim a credit against the county income tax for a
21 taxable year in the amount determined under subsection (c) of this section for earned
22 income.

23 (b) (1) Except as provided in paragraphs (2) and (3) of this subsection and
24 subject to subsection (d) of this section, the credit allowed against the State income tax

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 under subsection (a)(1) of this section is the lesser of:

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

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

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

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

12 1. 25% for a taxable year beginning after December 31, 2013,
13 but before January 1, 2015;

14 2. 25.5% for a taxable year beginning after December 31,
15 2014, but before January 1, 2016;

16 3. 26% for a taxable year beginning after December 31, 2015,
17 but before January 1, 2017;

18 4. 27% for a taxable year beginning after December 31, 2016,
19 but before January 1, 2018; and

20 5. 28% for a taxable year beginning after December 31, 2017.

21 (3) (I) **THE CREDIT ALLOWED AGAINST THE STATE INCOME TAX**
22 **UNDER SUBSECTION (A)(1) OF THIS SECTION FOR AN INDIVIDUAL WITHOUT A**
23 **QUALIFYING CHILD IS CALCULATED BY SUBSTITUTING:**

24 1. **\$6,920 FOR THE EARNED INCOME AMOUNT IN §**
25 **32(B)(2)(A) OF THE INTERNAL REVENUE CODE; AND**

26 2. **\$16,630 FOR THE PHASE-OUT AMOUNT IN §**
27 **32(B)(2)(A) OF THE INTERNAL REVENUE CODE.**

28 (II) 1. **FOR EACH TAXABLE YEAR BEGINNING AFTER**
29 **DECEMBER 31, 2020, THE EARNED INCOME AMOUNT AND PHASE-OUT AMOUNT IN**
30 **SUBPARAGRAPH (I) OF THIS PARAGRAPH SHALL BE INCREASED BY AN AMOUNT**
31 **EQUAL TO THE PRODUCT OF MULTIPLYING EACH AMOUNT BY THE COST-OF-LIVING**
32 **ADJUSTMENT SPECIFIED IN SUBSUBPARAGRAPH 2 OF THIS SUBPARAGRAPH.**

1 **2. FOR PURPOSES OF THIS SUBPARAGRAPH, THE**
2 **COST-OF-LIVING ADJUSTMENT IS THE COST-OF-LIVING ADJUSTMENT WITHIN THE**
3 **MEANING OF § 1(F)(3) OF THE INTERNAL REVENUE CODE FOR THE CALENDAR YEAR**
4 **IN WHICH THE TAXABLE YEAR BEGINS, AS DETERMINED BY THE COMPTROLLER BY**
5 **SUBSTITUTING “CALENDAR YEAR 2019” FOR “CALENDAR YEAR 2016” IN § 1(F)(3)(B)**
6 **OF THE INTERNAL REVENUE CODE.**

7 **3. IF ANY INCREASE DETERMINED UNDER**
8 **SUBSUBPARAGRAPH 1 OF THIS SUBPARAGRAPH IS NOT A MULTIPLE OF \$10, THE**
9 **INCREASE SHALL BE ROUNDED DOWN TO THE NEXT LOWEST MULTIPLE OF \$10.**

10 **(III)** For purposes of this section for an individual without a qualifying
11 child, the credit allowable for a taxable year under § 32 of the Internal Revenue Code is
12 calculated without regard to the minimum age requirement under § 32(c)(1)(A)(ii)(II) of the
13 Internal Revenue Code.

14 (c) (1) Except as provided in paragraph (2) of this subsection and subject to
15 subsection (d) of this section, the credit allowed against the county income tax under
16 subsection (a)(2) of this section is the lesser of:

17 (i) the earned income credit allowable for the taxable year under §
18 32 of the Internal Revenue Code multiplied by 10 times the county income tax rate for the
19 taxable year; or

20 (ii) the county income tax for the taxable year.

21 (2) (i) A county may provide, by law, for a refundable county earned
22 income credit as provided in this paragraph.

23 (ii) If a county provides for a refundable county earned income credit
24 under this paragraph, on or before July 1 prior to the beginning of the first taxable year for
25 which it is applicable, the county shall give the Comptroller notice of the refundable county
26 earned income credit.

27 (iii) If a county provides for a refundable county earned income credit
28 under this paragraph, a resident may claim a refund of the amount, if any, by which the
29 product of multiplying the credit allowable for the taxable year under § 32 of the Internal
30 Revenue Code by 5 times the county income tax rate for the taxable year exceeds the county
31 income tax for the taxable year.

32 (iv) The amount of any refunds payable under a refundable county
33 earned income credit operates to reduce the income tax revenue from individuals
34 attributable to the county income tax for that county.

35 (d) For an individual who is a resident of the State for only a part of the year, the
36 amount of the credit or refund allowed under this section shall be determined based on the

1 part of the earned income credit allowable for the taxable year under § 32 of the Internal
2 Revenue Code that is attributable to Maryland, determined by multiplying the federal
3 earned income credit by a fraction:

4 (1) the numerator of which is the Maryland adjusted gross income of the
5 individual; and

6 (2) the denominator of which is the federal adjusted gross income of the
7 individual.

8 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect July
9 1, 2020, and shall be applicable to all taxable years beginning after December 31, 2019.