

HOUSE BILL 176

Q3
HB 680/20 – W&M

(PRE-FILED)

1lr1251

By: **Delegate Wilkins**

Requested: October 29, 2020

Introduced and read first time: January 13, 2021

Assigned to: Ways and Means

A BILL ENTITLED

1 AN ACT concerning

2 **Earned Income Tax Credit – Individuals Without Qualifying Children –**
3 **Calculation and Refundability**

4 FOR the purpose of altering the calculation of the Maryland earned income tax credit to
5 increase the amount of credit that certain individuals without qualifying children
6 may claim; allowing certain individuals to claim a refund of the credit; providing for
7 the application of this Act; and generally relating to the Maryland earned income tax
8 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 2020 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

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 subject to subsection (d) of this section, the credit allowed against the State income tax
2 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,
14 but before January 1, 2015;

15 2. 25.5% for a taxable year beginning after December 31,
16 2014, but before January 1, 2016;

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

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

21 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.**

26 **(II) IF THE TAX CREDIT ALLOWED UNDER THIS PARAGRAPH IN**
27 **ANY TAXABLE YEAR EXCEEDS THE TOTAL TAX OTHERWISE PAYABLE BY THE**
28 **INDIVIDUAL WITHOUT A QUALIFYING CHILD FOR THAT TAXABLE YEAR, THE**
29 **INDIVIDUAL MAY CLAIM A REFUND IN THE AMOUNT OF THE EXCESS.**

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

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

4 (i) the earned income credit allowable for the taxable year under §
5 32 of the Internal Revenue Code multiplied by 10 times the county income tax rate for the
6 taxable year; or

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

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

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

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

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

22 (d) For an individual who is a resident of the State for only a part of the year, the
23 amount of the credit or refund allowed under this section shall be determined based on the
24 part of the earned income credit allowable for the taxable year under § 32 of the Internal
25 Revenue Code that is attributable to Maryland, determined by multiplying the federal
26 earned income credit by a fraction:

27 (1) the numerator of which is the Maryland adjusted gross income of the
28 individual; and

29 (2) the denominator of which is the federal adjusted gross income of the
30 individual.

31 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect July
32 1, 2021, and shall be applicable to all taxable years beginning after December 31, 2020.