

## CHAPTER 510

(Senate Bill 240)

AN ACT concerning

**Income Tax - Earned Income Credit**

FOR the purpose of altering ~~for a certain taxable year~~ the percentage of the federal earned income credit used for determining the amount that certain individuals may claim as a refundable credit under certain circumstances; authorizing the counties and Baltimore City to make the county earned income credit refundable under certain circumstances; providing for the application of this Act; providing for the construction of this Act; and generally relating to the earned income credit allowed under the Maryland income tax.

BY repealing and reenacting, with amendments,

Article - Tax - General

Section 10-704~~(b)(2)~~

Annotated Code of Maryland

(1997 Replacement Volume and 1999 Supplement)

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

**Article - Tax - General**

10-704.

(a) (1) An individual 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.

(2) An individual 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.

(b) (1) Except as provided in paragraph (2) of this subsection and 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:

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

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

(b) (2) [(i)] An individual with one or more dependents that may be claimed as exemptions may claim a refund in the amount, if any, by which [the applicable percentage specified in subparagraph (ii) of this paragraph] 15% of the earned income credit allowable under § 32 of the Internal Revenue Code exceeds the State income tax for the taxable year.