

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

1. 10% for a taxable year beginning after December 31, 1997 but before January 1, 2000;
2. 12.5% for a taxable year beginning after December 31, 1999 but before January 1, 2001; and
3. 15% for a taxable year beginning after December 31, 2000.]

(c) (1) [Subject] EXCEPT AS PROVIDED IN PARAGRAPH (2) OF THIS SUBSECTION AND SUBJECT to subsection (d) of this section, the credit allowed against the county income tax under subsection (a)(2) of this section is the lesser of:

[(1)] (I) the earned income credit allowable for the taxable year under § 32 of the Internal Revenue Code multiplied by 10 times the county income tax rate for the taxable year; or

[(2)] (II) the county income tax for the taxable year.

(2) (I) A COUNTY MAY PROVIDE, BY LAW, FOR A REFUNDABLE COUNTY EARNED INCOME CREDIT AS PROVIDED IN THIS PARAGRAPH FOR INDIVIDUALS HAVING ONE OR MORE DEPENDENTS THAT MAY BE CLAIMED AS EXEMPTIONS.

(II) IF A COUNTY PROVIDES FOR A REFUNDABLE COUNTY EARNED INCOME CREDIT UNDER THIS PARAGRAPH, ON OR BEFORE JULY 1 PRIOR TO THE BEGINNING OF THE FIRST TAXABLE YEAR FOR WHICH IT IS APPLICABLE, THE COUNTY SHALL GIVE THE COMPTROLLER NOTICE OF THE REFUNDABLE COUNTY EARNED INCOME CREDIT.

(III) IF A COUNTY PROVIDES FOR A REFUNDABLE COUNTY EARNED INCOME CREDIT UNDER THIS PARAGRAPH, AN INDIVIDUAL WITH ONE OR MORE DEPENDENTS THAT MAY BE CLAIMED AS EXEMPTIONS MAY CLAIM A REFUND OF THE AMOUNT, IF ANY, BY WHICH THE PRODUCT OF MULTIPLYING THE CREDIT ALLOWABLE UNDER § 32 OF THE INTERNAL REVENUE CODE BY 3 TIMES THE COUNTY INCOME TAX RATE FOR THE TAXABLE YEAR EXCEEDS THE COUNTY INCOME TAX FOR THE TAXABLE YEAR.

(IV) THE AMOUNT OF ANY REFUNDS PAYABLE UNDER A REFUNDABLE COUNTY EARNED INCOME CREDIT OPERATES TO REDUCE THE INCOME TAX REVENUE FROM INDIVIDUALS ATTRIBUTABLE TO THE COUNTY INCOME TAX FOR THAT COUNTY.

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