

**CHAPTER 515****(House Bill 979)**

AN ACT concerning

**Income Tax Credit for Child and Dependent Care Expenses - Phase-Out  
Correction**

FOR the purpose of altering certain income levels above which a certain phase-out of a certain income tax credit allowed for child and dependent care expenses is required; and providing for the application of this Act.

BY repealing and reenacting, with amendments,

Article - Tax - General

Section 10-716

Annotated Code of Maryland

(1997 Replacement Volume and 2000 Supplement)

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

**Article - Tax - General**

10-716.

(a) (1) In this section the following words have the meanings indicated.

(2) "Federal child and dependent care credit" means the child and dependent care credit properly claimed by an individual for the taxable year under § 21 of the Internal Revenue Code.

(3) "Qualifying individual" means a qualifying individual within the meaning of § 21(b) of the Internal Revenue Code.

(b) An individual whose federal adjusted gross income for the taxable year does not exceed \$50,000, or \$25,000 in the case of a married individual filing a separate return, may claim a credit against the State income tax as provided in this section for expenses paid by the individual during the taxable year for the care of a qualifying individual.

(c) Subject to subsection (d) of this section, the credit allowed under this section equals the lesser of:

(1) 32.5% of the federal child and dependent care credit; or

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

(d) (1) If an individual's federal adjusted gross income for the taxable year exceeds ~~[\$40,000]~~ \$41,000, the credit otherwise allowed under this section shall be reduced by 10% for each \$1,000 or fraction of \$1,000 by which the individual's federal adjusted gross income exceeds ~~[\$40,000]~~ \$41,000.