

President of the Senate  
State House  
Annapolis MD 21401

Dear Mr. President:

In accordance with Article II, Section 17 of the Maryland Constitution, I have today vetoed Senate Bill 223.

This bill makes the State earned income credit (EIC) refundable for taxpayers with one or more dependents. The refund is the amount by which 10 percent of the federal EIC exceeds State income tax liability for tax years 1998 and 1999, 12.5 percent of the federal EIC for tax year 2000, and 15 percent of the federal EIC for tax year 2001 and thereafter. If a taxpayer cannot claim a refund, the current State credit of 50 percent of the federal credit can be claimed.

This bill also requires the Governor to transfer \$14.5 million from the Revenue Stabilization Account to the general fund. The Spending Affordability Committee is to include a recommendation as to the fiscal prudence of accelerating the phase-in of this refundable credit in its final report of the 1999 interim.

House Bill 66, which was passed by the General Assembly and signed by me on April 14, 1998, accomplishes the same purpose. Therefore, it is not necessary for me to sign Senate Bill 223.

Sincerely,  
Parris N. Glendening  
Governor

### Senate Bill No. 223

AN ACT concerning

#### **Income Tax -- Earned Income Credit -- Refunds**

FOR the purpose of altering the earned income credit allowed against the Maryland income tax; making part of the earned income credit refundable under certain circumstances; providing that any excess credit over the State income tax does not reduce the county income tax below zero; repealing a certain subtraction modification for certain taxpayers whose income does not exceed certain levels; providing a credit against the State income tax for certain taxpayers whose income does not exceed certain levels; providing for the application of a certain credit in the computation of the county income tax; providing for the determination of the amount of certain credits for nonresidents and part-year residents in a certain manner; providing that an individual not otherwise required to file an income tax return may file a return to claim a certain refund; requiring the Governor to transfer certain funds from the Revenue Stabilization Account of the State Reserve Fund to the General Fund for certain purposes; requiring the Spending Affordability Committee to include a certain recommendation in a certain report; providing for the application of this Act; and