

SENATE BILL 243

Q3

3lr0577

By: **Senator Guzzone (By Request – Office of the Comptroller) and Senators Benson, Jackson, King, and McCray**

Introduced and read first time: January 24, 2023

Assigned to: Budget and Taxation

Committee Report: Favorable with amendments

Senate action: Adopted

Read second time: February 14, 2023

CHAPTER _____

1 AN ACT concerning

2 **Income Tax – Child and Dependent Care Tax Credit – Alterations**

3 FOR the purpose of altering eligibility for the State child and dependent care tax credit;
4 and generally relating to the child and dependent care tax credit.

5 BY repealing and reenacting, with amendments,
6 Article – Tax – General
7 Section 10–716(a), (b), (d), (e), and (g)
8 Annotated Code of Maryland
9 (2022 Replacement Volume)

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

12 **Article – Tax – General**

13 10–716.

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

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

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.

Underlining indicates amendments to bill.

~~Strike out~~ indicates matter stricken from the bill by amendment or deleted from the law by amendment.



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

3 (4) **"TAXPAYER" MEANS:**

4 (I) **AN INDIVIDUAL FILING AN INCOME TAX RETURN; OR**

5 (II) **A MARRIED COUPLE FILING A JOINT INCOME TAX RETURN.**

6 (b) [An individual or a married couple filing a joint income tax return] **A**
7 **RESIDENT WHO IS A TAXPAYER** may claim a credit against the State income tax as
8 provided in this section for expenses paid by the [individual or married couple] **TAXPAYER**
9 during a taxable year for the care of a qualifying individual if the federal adjusted gross
10 income of the [individual or married couple] **TAXPAYER** for the taxable year does not
11 exceed:

12 (1) \$92,000, in the case of an individual; or

13 (2) \$143,000, in the case of a married couple filing a joint income tax
14 return.

15 (d) (1) If [an individual's] **THE** federal adjusted gross income **OF A TAXPAYER**
16 **FILING AN INDIVIDUAL RETURN** for the taxable year exceeds \$30,000, the credit
17 otherwise allowed under this section shall be reduced by 1% for each \$2,000 or fraction of
18 \$2,000 by which the individual's federal adjusted gross income exceeds \$30,000.

19 (2) In the case of **AN INDIVIDUAL WHO IS A MEMBER OF** a married couple
20 filing a joint income tax return, if the individual's federal adjusted gross income for the
21 taxable year exceeds \$50,000, the credit otherwise allowed under this section shall be
22 reduced by 1% for each \$3,000 or fraction of \$3,000 by which the individual's federal
23 adjusted gross income exceeds \$50,000.

24 (e) If the credit allowed under this section in any taxable year exceeds the State
25 income tax for that taxable year, the [individual or married couple] **TAXPAYER** may claim
26 a refund in the amount of the excess if the [individual's or married couple's] **TAXPAYER'S**
27 federal adjusted gross income does not exceed:

28 (1) \$50,000 in the case of an individual; or

29 (2) \$75,000 in the case of a married couple filing a joint income tax return.

30 (g) The credit allowed under this section does not affect the treatment under this
31 title of any deduction or exclusion allowed under this title or allowed for federal income tax
32 purposes for expenses paid by the [individual] **TAXPAYER** for the care of a qualifying
33 individual.

1 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect July
2 1, 2023, and shall be applicable to all taxable years beginning after December 31, 2022.

Approved:

Governor.

President of the Senate.

Speaker of the House of Delegates.