

HOUSE BILL 422

Q3

2lr0146
CF 2lr0145

By: **The Speaker (By Request – Administration) and Delegates Anderton, Boteler, Chisholm, Griffith, Hartman, Hornberger, Howard, Kipke, Kittleman, Mautz, McComas, McKay, Metzgar, Morgan, Munoz, Novotny, Otto, Reilly, Saab, Szeliga, Thiam, and Wivell**

Introduced and read first time: January 19, 2022

Assigned to: Ways and Means

A BILL ENTITLED

1 AN ACT concerning

2 **Working Marylanders Tax Relief Act of 2022**

3 FOR the purpose of altering, beginning with a certain taxable year, the percentage of the
4 federal earned income tax credit used for determining the amount that an individual
5 may claim as a refund under the Maryland earned income tax credit under certain
6 circumstances; and generally relating to the Maryland earned income tax credit.

7 BY repealing and reenacting, with amendments,

8 Article – Tax – General

9 Section 10–704

10 Annotated Code of Maryland

11 (2016 Replacement Volume and 2021 Supplement)

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

14 **Article – Tax – General**

15 10–704.

16 (a) In this section, “taxpayer” means:

17 (1) an individual filing an income tax return; or

18 (2) a married couple filing a joint income tax return.

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 (b) (1) A resident who is a taxpayer may claim a credit against the State
2 income tax for a taxable year in the amount determined under subsection (c) of this section
3 for earned income.

4 (2) A resident who is a taxpayer may claim a credit against the county
5 income tax for a taxable year in the amount determined under subsection (d) of this section
6 for earned income.

7 (c) (1) Except as provided in paragraphs (2) and (3) of this subsection and
8 subject to subsection (e) of this section, the credit allowed against the State income tax
9 under subsection (b)(1) of this section is the lesser of:

10 (i) 50% of the earned income credit allowable for the taxable year
11 under § 32 of the Internal Revenue Code or that would have been allowable but for the
12 limitation under § 32(m) of the Internal Revenue Code; or

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

14 (2) (i) Subject to subparagraph (iii) of this paragraph and subsection (e)
15 of this section, a resident may claim a refund in the amount, if any, by which the applicable
16 percentage specified in subparagraph (ii) of this paragraph of the earned income credit
17 allowable for the taxable year under § 32 of the Internal Revenue Code exceeds the State
18 income tax for the taxable year.

19 (ii) Subject to subparagraph (iii) of this paragraph, the applicable
20 percentage of the earned income credit allowable under § 32 of the Internal Revenue Code
21 to be used for purposes of determining the refund provided under this paragraph is:

22 1. 25% for a taxable year beginning after December 31, 2013,
23 but before January 1, 2015;

24 2. 25.5% for a taxable year beginning after December 31,
25 2014, but before January 1, 2016;

26 3. 26% for a taxable year beginning after December 31, 2015,
27 but before January 1, 2017;

28 4. 27% for a taxable year beginning after December 31, 2016,
29 but before January 1, 2018;

30 5. 28% for a taxable year beginning after December 31, 2017,
31 but before January 1, 2020; AND

32 6. 45% for a taxable year beginning after December 31,
33 2019[, but before January 1, 2023; and

1 (iii) If a county provides for a refundable county earned income credit
2 under this paragraph, a resident may claim a refund of the amount, if any, by which the
3 product of multiplying the credit allowable for the taxable year under § 32 of the Internal
4 Revenue Code or that would have been allowable but for the limitation under § 32(m) of
5 the Internal Revenue Code by 5 times the county income tax rate for the taxable year
6 exceeds the county income tax for the taxable year.

7 (iv) The amount of any refunds payable under a refundable county
8 earned income credit operates to reduce the income tax revenue from individuals
9 attributable to the county income tax for that county.

10 (e) (1) Subject to paragraph (2) of this subsection, for an individual who is a
11 resident of the State for only a part of the year, the amount of the credit or refund allowed
12 under this section shall be determined based on the part of the earned income credit
13 allowable for the taxable year under § 32 of the Internal Revenue Code that is attributable
14 to Maryland, determined by multiplying the federal earned income credit by a fraction:

15 (i) the numerator of which is the Maryland adjusted gross income of
16 the individual; and

17 (ii) the denominator of which is the federal adjusted gross income of
18 the individual.

19 (2) For purposes of determining the amount of the credit or refund under
20 paragraph (1) of this subsection, the part of the earned income credit allowable for the
21 taxable year under § 32 of the Internal Revenue Code is calculated without regard to the
22 limitation under § 32(m) of the Internal Revenue Code.

23 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect July
24 1, 2022.