

HOUSE BILL 363

Q3

(6lr1399)

ENROLLED BILL

— *Ways and Means/Budget and Taxation* —

Introduced by **Delegate Palakovich Carr**

Read and Examined by Proofreaders:

Proofreader.

Proofreader.

Sealed with the Great Seal and presented to the Governor, for his approval this

_____ day of _____ at _____ o'clock, _____ M.

Speaker.

CHAPTER _____

1 AN ACT concerning

2 ~~Income Tax – Local~~ **Local Government – Grant for Recipients of State Child Tax**
3 **Credit – Authorization**

4 FOR the purpose of authorizing a county to provide, by law, a ~~credit against the county~~
5 grant to recipients of the State income tax credit for certain dependent children,
6 subject to certain limitations; and generally relating to a ~~credit against the county~~
7 county grants to recipients of the State income tax credit for dependent children.

8 BY adding to

9 Article – Local Government

10 Section 12–906

11 Annotated Code of Maryland

12 (2013 Volume and 2025 Supplement)

13 BY repealing and reenacting, with amendments,

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.

Italics indicate opposite chamber/conference committee amendments.



1 Article – Tax – General
 2 Section ~~10–706, 10–751, and 10–809~~ 10–706 and 10–809
 3 Annotated Code of Maryland
 4 (2022 Replacement Volume and 2025 Supplement)

5 BY repealing and reenacting, without amendments,
 6 Article – Tax – General
 7 Section 10–751
 8 Annotated Code of Maryland
 9 (2022 Replacement Volume and 2025 Supplement)

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

12 **Article – Local Government**

13 **12–906.**

14 **(A) (1) IN THIS SECTION THE FOLLOWING WORDS HAVE THE MEANINGS**
 15 **INDICATED.**

16 **(2) “FEDERAL ADJUSTED GROSS INCOME”, “FIDUCIARY”,**
 17 **“RESIDENT”, AND “TAXABLE YEAR” HAVE THE MEANINGS STATED IN § 10–101 OF**
 18 **THE TAX – GENERAL ARTICLE.**

19 **(3) “QUALIFIED CHILD” AND “TAXPAYER” HAVE THE MEANINGS**
 20 **STATED IN § 10–751 OF THE TAX – GENERAL ARTICLE.**

21 **(B) A COUNTY MAY PROVIDE, BY LAW, FOR A GRANT FOR EACH QUALIFIED**
 22 **CHILD OF A TAXPAYER IF:**

23 **(1) THE TAXPAYER HAS FEDERAL ADJUSTED GROSS INCOME LOWER**
 24 **THAN THE THRESHOLD AMOUNT OF \$15,000; AND**

25 **(2) THE TAXPAYER AND EACH QUALIFIED CHILD ARE RESIDENTS,**
 26 **OTHER THAN FIDUCIARIES, WHO ON THE LAST DAY OF THE TAXABLE YEAR ARE:**

27 **(I) DOMICILED IN THAT COUNTY; OR**

28 **(II) MAINTAIN A PRINCIPAL RESIDENCE OR PLACE OF ABODE IN**
 29 **THAT COUNTY.**

30 **(C) THE AMOUNT OF A GRANT ALLOWED UNDER THIS SECTION SHALL BE**
 31 **REDUCED BY 10% FOR EACH \$1,000, OR FRACTION THEREOF, BY WHICH THE**

1 TAXPAYER'S FEDERAL ADJUSTED GROSS INCOME EXCEEDS THE THRESHOLD
 2 AMOUNT, EXCEPT THAT THE REDUCTION CANNOT REDUCE THE GRANT BELOW ZERO.

3 (D) A COUNTY MAY PROVIDE, BY LAW, FOR:

4 (1) THE AMOUNT OF THE GRANT UNDER SUBSECTION (B) OF THIS
 5 SECTION; AND

6 (2) ANY OTHER PROVISION NECESSARY TO CARRY OUT THE GRANT
 7 UNDER THIS SECTION.

8 ~~(E) A COUNTY THAT PROVIDES A GRANT UNDER THIS SECTION SHALL~~
 9 ~~REIMBURSE THE COMPTROLLER FOR REASONABLE EXPENSES INCURRED BY THE~~
 10 ~~COMPTROLLER TO PROVIDE THE COUNTY INFORMATION NECESSARY TO~~
 11 ~~IMPLEMENT THE GRANT.~~

12 Article – Tax – General

13 10–706.

14 (a) Except as otherwise provided in this section, a credit allowed under this
 15 subtitle is allowed against the State income tax only.

16 (b) A credit under § 10–701 of this subtitle is allowed against the total county and
 17 State income taxes.

18 ~~(e) (1) A credit allowed under [§ 10–704(a)(1) or] § 10–704(B)(1), §~~
 19 ~~10–709(b)(1), OR § 10–751(B) of this subtitle is allowed against the State income tax only.~~

20 ~~(2) A credit allowed under [§ 10–704(a)(2) or] § 10–704(B)(2), §~~
 21 ~~10–709(b)(2), OR § 10–751(C) of this subtitle is allowed against the county income tax only.~~

22 (c) (1) A credit allowed under [§ 10–704(a)(1)] § 10–704(B)(1) or §
 23 10–709(b)(1) of this subtitle is allowed against the State income tax only.

24 (2) A credit allowed under [§ 10–704(a)(2)] § 10–704(B)(2) or §
 25 10–709(b)(2) of this subtitle is allowed against the county income tax only.

26 10–751.

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

28 (2) “Qualified child” means a dependent of a taxpayer, if the dependent:

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1 (i) is a dependent for purposes of § 152 of the Internal Revenue Code
2 in effect on December 31, 2024; and

3 (ii) 1. is under the age of 6 years; or
4 2. A. is under the age of 17 years; and
5 B. is a child with a disability, as defined under § 8-401 of the
6 Education Article.

7 (3) “Taxpayer” means:

- 8 (i) an individual filing an income tax return; or
9 (ii) a married couple filing a joint income tax return.

10 (b) ~~(1)~~ A taxpayer who is a resident and has federal adjusted gross income
11 lower than the threshold amount of \$15,000 may claim a credit against the State income
12 tax for each qualified child in an amount equal to \$500.

13 ~~[(c)] (2)~~ The amount of the credit ~~ALLOWED UNDER THIS SUBSECTION~~ shall
14 be reduced by \$50 for each \$1,000, or fraction thereof, by which the taxpayer’s federal
15 adjusted gross income exceeds the threshold amount, except that the reduction cannot
16 reduce the credit below zero.

17 ~~[(d)] (3)~~ If the credit allowed under this ~~[section] SUBSECTION~~ in any taxable
18 year exceeds the State income tax for that taxable year, the taxpayer may claim a refund
19 in the amount of the excess.

20 ~~(c) (1) A COUNTY MAY PROVIDE, BY LAW, FOR A CREDIT AGAINST THE~~
21 ~~COUNTY INCOME TAX FOR EACH QUALIFIED CHILD OF A TAXPAYER IF:~~

22 ~~(i) THE TAXPAYER HAS FEDERAL ADJUSTED GROSS INCOME~~
23 ~~LOWER THAN THE THRESHOLD AMOUNT OF \$15,000; AND~~

24 ~~(ii) THE TAXPAYER AND EACH QUALIFIED CHILD ARE~~
25 ~~RESIDENTS, OTHER THAN FIDUCIARIES, WHO ON THE LAST DAY OF THE TAXABLE~~
26 ~~YEAR:~~

27 ~~1. ARE DOMICILED IN THAT COUNTY; OR~~

28 ~~2. MAINTAIN A PRINCIPAL RESIDENCE OR PLACE OF~~
29 ~~ABODE IN THAT COUNTY.~~

1 ~~(2) THE AMOUNT OF THE COUNTY INCOME TAX CREDIT ALLOWED~~
2 ~~UNDER THIS SUBSECTION SHALL BE REDUCED BY \$50 FOR EACH \$1,000, OR~~
3 ~~FRACTION THEREOF, BY WHICH THE TAXPAYER'S FEDERAL ADJUSTED GROSS~~
4 ~~INCOME EXCEEDS THE THRESHOLD AMOUNT, EXCEPT THAT THE REDUCTION~~
5 ~~CANNOT REDUCE THE CREDIT BELOW ZERO.~~

6 ~~(3) IF A COUNTY PROVIDES FOR A COUNTY INCOME TAX CREDIT~~
7 ~~UNDER THIS SUBSECTION, ON OR BEFORE JULY 1 PRIOR TO THE BEGINNING OF THE~~
8 ~~FIRST TAXABLE YEAR FOR WHICH IT IS APPLICABLE, THE COUNTY SHALL GIVE THE~~
9 ~~COMPTROLLER NOTICE OF THE COUNTY INCOME TAX CREDIT.~~

10 ~~(4) A COUNTY MAY PROVIDE, BY LAW, FOR:~~

11 ~~(I) THE AMOUNT OF THE COUNTY INCOME TAX CREDIT UNDER~~
12 ~~THIS SUBSECTION; AND~~

13 ~~(II) IF THE CREDIT ALLOWED UNDER THIS SUBSECTION IN ANY~~
14 ~~TAXABLE YEAR EXCEEDS THE TOTAL COUNTY INCOME TAX OTHERWISE PAYABLE BY~~
15 ~~A TAXPAYER, WHETHER THE TAXPAYER MAY CLAIM A REFUND IN THE AMOUNT OF~~
16 ~~THE EXCESS.~~

17 10-809.

18 If an individual is not required to file an income tax return under § 10-805, §
19 10-806, or § 10-813 of this subtitle, the individual:

20 (1) is not liable for income tax; and

21 (2) may file an income tax return to claim a refund of the income tax
22 withheld or estimated income tax paid or a refund under § 10-704, § 10-707, [or] § 10-714,
23 ~~OR § 10-751(c) § 10-751~~ of this title.

24 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect June
25 1, 2026, ~~and shall be applicable to all taxable years beginning after December 31, 2026.~~