SENATE BILL 104

Q3 5lr1562

(PRE–FILED)

By: **Senator Folden**

Requested: October 31, 2024
Introduced and read first time: January 8, 2025
Assigned to: Budget and Taxation

A BILL ENTITLED

AN ACT concerning

Income Tax – Credit for Individuals Residing With and Caring for Elderly Parents

FOR the purpose of allowing a credit against the State income tax for an individual who resides with and provides care for a certain elderly parent during the taxable year under certain circumstances; making the credit refundable; and generally relating to a State income tax credit for individuals who reside with and provide care for elderly parents.

BY adding to
Article – Tax – General
Section 10–758
Annotated Code of Maryland
(2022 Replacement Volume and 2024 Supplement)

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

Article – Tax – General

10–758.

(A) IN THIS SECTION, "PARENT" MEANS AN INDIVIDUAL AT LEAST 70 YEARS OLD WHO IS A BIOLOGICAL OR ADOPTIVE PARENT OF AN INDIVIDUAL.

(B) SUBJECT TO THE LIMITATIONS OF THIS SECTION, AN INDIVIDUAL MAY CLAIM A CREDIT AGAINST THE STATE INCOME TAX IN AN AMOUNT EQUAL TO $3,000 IF THE INDIVIDUAL:

(1) RESIDES IN THE SAME PRINCIPAL RESIDENCE AS THE INDIVIDUAL'S PARENT FOR AT LEAST 6 MONTHS DURING THE TAXABLE YEAR;

(2) PROVIDES CARE FOR THE PARENT;

(3) IS NOT A DEPENDENT OF ANOTHER TAXPAYER; AND

(4) SUBJECT TO SUBSECTION (D) OF THIS SECTION, HAS FEDERAL ADJUSTED GROSS INCOME THAT DOES NOT EXCEED:

(I) $103,650 FOR AN INDIVIDUAL TAX RETURN; OR

(II) $161,000 FOR A JOINT TAX RETURN.

(C) (1) AN INDIVIDUAL MAY CLAIM A CREDIT UNDER THIS SECTION FOR MORE THAN ONE PARENT.

(2) THE CREDIT ALLOWED UNDER THIS SECTION MAY NOT BE CLAIMED BY MULTIPLE INDIVIDUALS IN THE SAME HOUSEHOLD WITH RESPECT TO THE SAME PARENT.

(3) IF THE CREDIT ALLOWED UNDER THIS SECTION IN ANY TAXABLE YEAR EXCEEDS THE STATE INCOME TAX FOR THAT TAXABLE YEAR, THE INDIVIDUAL MAY CLAIM A REFUND IN THE AMOUNT OF THE EXCESS.

(D) (1) FOR EACH TAXABLE YEAR BEGINNING AFTER DECEMBER 31, 2025, THE MAXIMUM INCOME THRESHOLDS UNDER SUBSECTION (B) OF THIS SECTION SHALL BE INCREASED BY AN AMOUNT EQUAL TO THE PRODUCT OF THE MAXIMUM INCOME THRESHOLDS AND COST–OF–LIVING ADJUSTMENT SPECIFIED IN THIS SUBSECTION.

(2) FOR PURPOSES OF THIS SUBSECTION, THE COST–OF–LIVING ADJUSTMENT IS THE COST–OF–LIVING ADJUSTMENT WITHIN THE MEANING OF § 1(F)(3) OF THE INTERNAL REVENUE CODE FOR THE CALENDAR YEAR IN WHICH A TAXABLE YEAR BEGINS, AS DETERMINED BY THE COMPTROLLER, BY SUBSTITUTING "CALENDAR YEAR 2024" FOR "CALENDAR YEAR 2016" IN § 1(F)(3)(A) OF THE INTERNAL REVENUE CODE.

(3) IF ANY INCREASE DETERMINED UNDER PARAGRAPH (1) OF THIS SUBSECTION IS NOT A MULTIPLE OF $50, THE INCREASE SHALL BE ROUNDED DOWN TO THE NEXT LOWEST MULTIPLE OF $50.

SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect July 1, 2025, and shall be applicable to all taxable years beginning after December 31, 2024.