Montgomery County Council

Committee: GO
Committee Review: At a future date
Staff: Christine Wellons, Chief Legislative Attorney
Purpose: To introduce agenda item – no vote expected

AGENDA ITEM #3H
September 15, 2026
Introduction

SUBJECT

Bill 46-26, Taxation – Child Tax Credit – Supplemental Grant

Lead Sponsors: Councilmembers Stewart and Evans

Co-Sponsors: Council President Fani-González, Councilmember Friedson, and Council Vice President Balcombe

EXPECTED ATTENDEES

None

COUNCIL DECISION POINTS & COMMITTEE RECOMMENDATION

- N/A

DESCRIPTION/ISSUE

Bill 46-26 would:

(1) provide grants from the County to recipients of the state of Maryland's income tax credit for certain dependent children;
(2) establish eligibility criteria to receive the grant;
(3) establish the amount of the grant; and
(4) generally amend the law regarding a grant by the County to supplement the state's child tax credit.

<u>This report contains</u>:

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Agenda Item #3H
September 15, 2026
Introduction

M E M O R A N D U M

September 10, 2026

TO: County Council

FROM: Christine Wellons, Chief Legislative Attorney

SUBJECT: Bill 46-26, Taxation – Child Tax Credit – Supplemental Grant

PURPOSE: Introduction – no Council votes required

Bill 46-26, Taxation – Child Tax Credit – Supplemental Grant, is scheduled for introduction on September 15, 2026. The Lead Sponsors are Councilmembers Stewart and Evans. The Co-Sponsors are Council President Fani-González, Councilmember Friedson, and Council Vice President Balcombe. A public hearing for this bill is scheduled on October 13.

Bill 46-26 would:

(1) provide grants from the County to recipients of the state of Maryland's income tax credit for certain dependent children;
(2) establish eligibility criteria to receive the grant;
(3) establish the amount of the grant; and
(4) generally amend the law regarding a grant by the County to supplement the state's child tax credit.

BACKGROUND

As explained by the Lead Sponsors in a memorandum to colleagues, "During the last Maryland General Assembly session, Delegate Julie Palakovich Carr led efforts to pass House Bill 363, Income Tax - Local Child Tax Credit - Authorization. This bill, which was passed into law, authorizes a county to create its own Child Tax Credit (CTC)."

The State's Fiscal Note on House Bill 363 (2026 Laws of Maryland Chapter 204) describes the enabling legislation as follows: "This bill authorizes a county to provide by law for a grant modeled on the State child tax credit. Specifically, a county may provide for a grant for each qualified child (within the meaning of the State child tax credit) of a taxpayer whose federal adjusted gross income (AGI) is less than $15,000, if the taxpayer and each qualified child are residents (other than fiduciaries) who are domiciled in or maintain a principal residence or place of abode in the county on the last day of the tax year. A county may provide for the amount of the grant, which must be reduced by 10% for each $1,000 (or fraction thereof) by which the taxpayer's federal AGI exceeds $15,000." (Legislation - HB0363).

BILL SPECIFICS

Bill 46-26 would establish a grant of up to $500 per "qualified child" as a supplement to the State's child tax credit. A "qualified child" is defined under State law as follows:

> "Qualified child" means a dependent of a taxpayer, if the dependent:
>
> (i) is a dependent for purposes of § 152 of the Internal Revenue Code in effect on December 31, 2024; and
>
> (ii) 1. is under the age of 6 years; or
>
> 2. A. is under the age of 17 years; and
>
> B. is a child with a disability, as defined under § 8-401 of the Education Article.

(Md. Code Ann., Tax-General Article § 10–751).

A "child with a disability" is defined under applicable State law as follows:

> "Child with a disability" means a child who has been determined through appropriate assessment as having autism, deaf-blindness, hearing impairment, including deafness, emotional disability, intellectual disability, multiple disabilities, orthopedic impairment, other health impairment, specific learning disability, speech or language impairment, traumatic brain injury, or visual impairment, including blindness, and who because of that impairment needs special education and related services.

(Md. Code Ann., Education Article § 8–401).

Under Bill 46-26, the supplemental county child tax credit would be in the amount of $500 per eligible child if:

(1) the taxpayer has federal adjusted gross income lower than the threshold amount of $15,000; and

(2) the taxpayer and each qualified child are residents, other than fiduciaries, who on the last day of the taxable year are:

(A) domiciled in the County; or

(B) maintain a principal residence or place of abode in the County.

If the taxpayer's adjusted gross income exceeds $15,000, the amount of the supplemental credit "must be reduced by 10 percent for each $1,000, or fraction thereof, by which the taxpayer's federal adjusted gross income exceeds the threshold of $15,000, except that the reduction must not reduce the amount of the supplement below zero."

Bill No. 46-26
Concerning: Taxation – Child Tax Credit – Supplemental Grant
Revised: 9/3/2026 Draft No. 1
Introduced:
Expires:
Enacted:
Executive:
Effective:
Sunset Date: None
Ch. _____, Laws of Mont. Co. _________

COUNTY COUNCIL
FOR MONTGOMERY COUNTY, MARYLAND

Lead Sponsors: Councilmembers Stewart and Evans
Co-Sponsors: Council President Fani-González, Councilmember Friedson, and Council Vice President Balcombe

AN ACT to:
(1) provide grants from the County to recipients of the state of Maryland's income tax credit for certain dependent children;
(2) establish eligibility criteria to receive the grant;
(3) establish the amount of the grant; and
(4) generally amend the law regarding a grant by the County to supplement the state's child tax credit.

By adding
Chapter 20, Finance.
Article XVIII, Child Tax Credit Supplement.
Sections 20-85, 20-86, 20-87, and 20-88

Boldface	*Heading or defined term.*
Underlining	*Added to existing law by original bill.*
[Single boldface brackets**]**	*Deleted from existing law by original bill.*
Double underlining	*Added by amendment.*
[[Double boldface brackets**]]**	*Deleted from existing law or the bill by amendment.*
* * *	*Existing law unaffected by bill.*

The County Council for Montgomery County, Maryland approves the following Act:

Sec. 1. Sections 20-85, 20-86, 20-87, and 20-88 are added as follows:

Article XVIII. Child Tax Credit Supplement.

20-85. Definitions.

For purposes of this Article, the following terms have the meanings indicated.

(a) *Child Tax Credit Supplement* means the grant established by the County under this Article pursuant to Section 12-906 of the Local Government Article of the Maryland Code, as amended.

(b) *Director* means the Director of Finance or the Director's designee.

(c) *Federal adjusted gross income*, *fiduciary*, *resident*, and *taxable year* have the meanings stated in Section 10-101 of the Tax-General Article of the Maryland Code, as amended.

(d) *Qualified child* and *taxpayer* have the meanings stated in Section 10-751 of the Tax-General Article of the Maryland Code, as amended.

20-86. Payment of Supplement.

(a) *Supplement for taxpayers with incomes under $15,000.* The Director must pay to a taxpayer a Child Tax Credit Supplement in the amount of $500 for each qualified child if:

(1) the taxpayer has federal adjusted gross income lower than the threshold amount of $15,000; and

(2) the taxpayer and each qualified child are residents, other than fiduciaries, who on the last day of the taxable year are:

(A) domiciled in the County; or

(B) maintain a principal residence or place of abode in the County.

(b) *Supplement for taxpayers with incomes over $15,000.* The Director must pay to a taxpayer a Child Tax Credit Supplement in the amount calculated under subsection (c) of this Section for each qualified child if the taxpayer and each qualified child are residents, other than fiduciaries, who on the last day of the taxable year are:

(1) domiciled in the County; or

(2) maintain a principal residence or place of abode in the County.

(c) *Calculation of supplement for taxpayers with incomes over $15,000.* The amount of the Child Tax Credit Supplement under subsection (a) of this Section must be reduced by 10 percent for each $1,000, or fraction thereof, by which the taxpayer's federal adjusted gross income exceeds the threshold of $15,000, except that the reduction must not reduce the amount of the supplement below zero.

20-87. Administration; Regulations.

(a) If the Comptroller of Maryland agrees, the Director may arrange for the Comptroller to pay the Child Tax Credit Supplement. To the extent that the Comptroller does not pay the supplement, the Director must pay it to each eligible taxpayer.

(b) The Director may require each eligible taxpayer to submit an application for the Child Tax Credit Supplement, and may take any other action necessary to administer the supplement.

(c) The Executive may issue regulations under Method (1) to implement this Article.

20-88. Improper Payments; False Statements.

(a) A person who submits a false or fraudulent application, or withholds material information, to obtain a payment under this Article:

(1) has committed a Class A violation; and

(2) must repay the County for all amounts improperly paid and all accrued interest and penalties that would apply to those amounts as if they were overdue taxes.

(b) A person who violates this Section is liable for all court costs and expenses of the County in any civil action brought by the County to recover any payment, interest, or penalty.

(c) The County may collect any amount due, and otherwise enforce this Article, by any appropriate legal action.

Sec. 2. Transition. The amendments to Chapter 20 under Section 1 of this Act must apply to applications for the Child Tax Credit Supplement submitted after January 1, 2028, as applicable to the taxable year ending December 31, 2027, and to each subsequent tax year.

MONTGOMERY COUNTY COUNCIL
ROCKVILLE, MARYLAND

KATE STEWART
COUNCILMEMBER
MONTGOMERY COUNTY COUNCIL

SHEBRA EVANS
COUNCILMEMBER
MONTGOMERY COUNTY COUNCIL

MEMORANDUM

September 4th, 2026

TO: Council President Natali Fani-González
Council Vice President Marilyn Balcombe
Councilmember Andrew Friedson
Councilmember Evan Glass
Councilmember Will Jawando
Councilmember Sidney Katz
Councilmember Dawn Luedtke
Councilmember Kristin Mink
Councilmember Laurie-Anne Sayles

FROM: Councilmember Kate Stewart
Councilmember Shebra Evans

SUBJECT: Background Bill XX-26 Child Tax Credit

During the last Maryland General Assembly session, Delegate Julie Palakovich Carr led efforts to pass House Bill 363, Income Tax - Local Child Tax Credit - Authorization. This bill, which was passed into law, authorizes a county to create its own Child Tax Credit (CTC). Given the enabling legislation, I am introducing Bill XX-26 to establish a CTC in Montgomery County.

Child tax credits are a proven tool for reducing poverty. We are facing an affordability crisis, and raising a family can be costly, especially in jurisdictions like Montgomery County. Research consistently shows that Child Tax Credits for families with modest incomes are some of the best tools available to assist them in becoming financially stable. These credits support families in their ability to afford household essentials such as food and shelter. The benefits of such credits include improved health and educational outcomes during childhood, and increased educational attainment, employment, and earnings in young adulthood. We also see increased spending in the local economy. This bill will benefit not only individual families, but entire communities.

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As authorized by Maryland HB 363, a taxpayer with a federal adjusted gross income of $15,000 or less can claim the full credit of $500 against the county income tax for each qualified child. Dependent children who qualify are those under the age of six claimed as dependents when filing taxes, and children with a disability who are under the age of 17 claimed as a dependent when filing taxes. For each $1,000 that a taxpayer's income increases beyond the threshold, the credit would be reduced by $50. This continues until the credit phases out to zero. This tax credit will assist families most in need in our community. The income limits are set by the state enabling legislation and the County does not have the authority to set the income limits above those amounts.

cc: Tommy Heyboer, Chief of Staff to the Council President, Montgomery County Council
Lisa Mandel-Trupp, Chief of Staff to the Council Vice President Marilyn Balcombe
Cindy Gibson, Chief of Staff to Councilmember Andrew Friedson
Jill Ortman-Fouse, Chief of Staff to Councilmember Evan Glass
Dave Kunes, Chief of Staff to Councilmember Will Jawando
Sharon Ledner, Chief of Staff to Councilmember Sidney Katz
Aaron Kraut, Chief of Staff to Councilmember Dawn Luedtke
Chris Wilhelm, Chief of Staff to Councilmember Kristin Mink
Michelle Graham, Chief of Staff to Councilmember Laurie-Anne Sayles