Montgomery County Council

Committee: GO
Committee Review: Completed
Staff: Christine Wellons, Chief Legislative Attorney
Purpose: Final action – vote expected

AGENDA ITEM #4E
November 17, 2026
Action

SUBJECT

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

Lead Sponsors: Councilmembers Stewart and Evans

Co-Sponsors: Council President Fani-González, Councilmember Friedson, Council Vice President Balcombe, Councilmembers Katz, Glass, and Luedtke

EXPECTED ATTENDEES

N/A

COUNCIL DECISION POINTS & COMMITTEE RECOMMENDATION

- The Government Operations and Fiscal Policy (GO) Committee recommended (3-0) the enactment of Bill 46-26 with amendments.

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.

The GO Committee adopted amendments to the bill to:

- clarify that the amount of the Child Tax Credit Supplement under the bill must be reduced by $50 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; and
- define the terms "place of abode" and "resident" under the bill.

Outstanding issue:

- The Office of the Comptroller informed Council staff of a requested amendment to the bill. *See* page 6 of the staff report for the proposed amendment.

<u>This report contains</u>:

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Bill 46-26 © 1

Lead Sponsors' Memorandum © 5
RESJ Impact Statement ©7
Climate Assessment ©11
Fiscal Impact Statement ©14
State Enabling Legislation: 2026 Regular Session - House Bill 363 Chapter
State Fiscal Policy Note: 2026 Regular Session - Fiscal and Policy Note for House Bill 363
Public Testimony: Bill 46-26, Taxation - Child Tax Credit - Supplemental Grant - County Council - Montgomery County, MD
*The Economic Impact Statement was not available at the time of publication of this staff report. It can be found at this address when available: Racial Equity and Social Justice, Economic, and Climate Impact Statements - Office of Legislative Oversight- Montgomery County, Maryland (montgomerycountymd.gov)

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Agenda Item #4E
November 17, 2026
Action

M E M O R A N D U M

November 12, 2026

TO: County Council

FROM: Christine Wellons, Chief Legislative Attorney

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

PURPOSE: Final Action – roll call vote expected

Committee Recommendation: The Government Operations and Fiscal Policy (GO) Committee recommended (3-0) the enactment of Bill 46-26 with amendments.

Bill 46-26, Taxation – Child Tax Credit – Supplemental Grant, was introduced on September 15, 2026. The Lead Sponsors are Councilmembers Stewart and Evans. The Co-Sponsors are Council President Fani-González, Councilmember Friedson, Council Vice President Balcombe, Councilmembers Katz, Glass, and Luedtke. A public hearing on the bill was held on October 13. The GO worksession occurred on October 29.

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."

SUMMARY OF IMPACT STATEMENTS

Fiscal Impact. According to the Office of Management and Budget (OMB), "Personnel costs assume Montgomery County will need a full-time staff member (accountant/auditor) to administer the supplemental grant. Total compensation, including salary and benefits, is estimated at $137,133 in FY28 and $685,665 total over five years. The personnel costs below assume the County cannot reach an agreement with the Office of the Comptroller to absorb the workload. If the County reaches an agreement, personnel costs may be reduced or eliminated in the scenario below. Bill 46-26 is estimated to reduce revenues by $6.0 million in FY28, rising to $6.4 million in FY32, for a total six-year cost of $31.1 million."

Racial Equity and Social Justice. "The Office of Legislative Oversight (OLO) anticipates Bill 46-26 could have a positive impact on racial equity and social justice (RESJ) in the County. Black and Latinx children and families could disproportionately benefit from the creation of a local child tax credit for families with very low incomes."

Climate Assessment. "The Office of Legislative Oversight (OLO) anticipates Bill 46-26 will have no impact on the County's contribution to addressing climate change as it is proposing a supplemental child tax credit for County families with lower incomes."

Economic Impact. The Economic Impact Statement was not available at the time of the publication of this staff report. It will be available at Racial Equity and Social Justice, Economic, and Climate Impact Statements - Office of Legislative Oversight - Montgomery County, MD.

SUMMARY OF PUBLIC TESTIMONY

The Montgomery County Chamber of Commerce (MCCC) testified in support of Bill 48-26: "MCCC has long recognized that access to affordable, high-quality child care is not only a family issue but also a workforce and economic development imperative. Many employers continue to face recruitment and retention challenges as working parents struggle with the high cost and limited availability of child care. By providing additional financial support to families, this legislation can

help reduce a significant barrier to workforce participation and improve economic stability for working households."

The Children's Opportunities Alliance stated that the bill "is an important tool for advancing economic security for families with young children and strengthening the broader conditions that support children's healthy development and well-being." In further support of the bill, the Montgomery County Community Action Board stated: "These credits are considered the best anti-poverty tools available."

Montgomery County Taxpayers League testified in opposition to the bill due to concerns about administrative costs and potential fraud. The Cherrywood Homeowners Association testified: "We strongly oppose bill 48-26 as it raises serious concerns about the Council's fiscal management, priorities, and its commitment to treating taxpayers equitably."

SUMMARY OF THE COMMITTEE'S CONSIDERATION

The Committee adopted the following amendments to Bill 48-26.

1. Clarification of Supplement Amount for Certain Taxpayers

Staff of the Department of Finance requested clarification of the manner in which the amount of the supplement will be calculated for taxpayers with incomes over $15,000. The Committee adopted the following clarifying amendment:

(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**]]** $50 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.

Replacing "10 percent" with "$50" would be consistent with the State's child tax credit under Tax-General §10–751: "The amount of the credit shall be reduced by $50 for each $1,000, or fraction thereof, by which the taxpayer's federal adjusted gross income exceeds the threshold amount, except that the reduction cannot reduce the credit below zero." While the enabling legislation for the local supplement, 2026 Regular Session - House Bill 363 Chapter, uses the term "10 percent" instead of "$50", presumably the General Assembly intended the calculation to be 10 percent of the full supplement amount of $500, which is $50. Using "$50" instead of "10 percent" would provide more clarity to the Department of Finance as it administers the supplement.

2. Define "Place of Abode" and "Resident"

Pursuant to the state enabling legislation, Bill 46-26 would provide a supplemental county child tax credit 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.
>
> (Emphasis added).

Staff of the Department of Finance recommended clarifying the term "place of abode". The term "place of abode" is not defined in the state enabling legislation; nor is the term used in the state's own child tax credit law, Tax-General §10-751. However, under State law, "Each county shall have a county income tax on the Maryland taxable income of:

> (1) each **resident**, other than a fiduciary, who on the last day of the taxable year:
>
> (i) is domiciled in the county; or
>
> (ii) maintains a principal residence or a **place of abode** in the county…."
>
> (Tax-General, § 10-103).

Thus, if a "resident" has a "place of abode" in the County – such that they are subject to the County income tax – then they would also have a "place of abode" in the County for purposes of the supplement under Bill 46-26.

According to the Comptroller of Maryland, "place of abode" simply means "place to live." Tax Guidance - Filing Information for Individual Income Tax - Taxpayer Services. Importantly, an individual is not considered to be a "resident" subject to the Maryland or County income taxes unless "the individual maintains a place of abode in this State for more than six months of the taxable year and is physically present [in the State] for 183 days or more during the taxable year." *See* Maryland Income Tax, Administrative Release No. 37 (citing Md Code Ann., Tax-General, §10-101(k) and COMAR 03.04.02.01B).

Based upon this general framework for income taxation in Maryland, the Committee adopted the following amendments to define the terms "place of abode" and "resident" under the bill.

After line 11, insert the following:

Place of abode means one or more locations within the County where an individual lives for more than six months of the taxable year.

After line 13, insert the following:

Resident has the meaning stated in Section 10-101 of the Tax-General Article of the Maryland Code, as amended. [1]

OUTSTANDING ISSUE FOR THE FULL COUNCIL

Potential Amendment re: Administration.

Regarding the administration of the County's supplemental grant to the Child Tax Credit, the Office of the Comptroller brought to the attention of Council staff that the General Assembly amended the enabling legislation, House Bill 363, to place the enabling language within the Local Government Article of the Maryland Code (as opposed to the Tax-General Article), and to remove language in the bill that had referenced the potential involvement of the Comptroller in the local administration of the supplement.

Among other amendments, the Budget and Taxation Committee of the Maryland Senate adopted an amendment, 2026 Regular Session - Amendment 723127/01 to House Bill 363, to strike the following language from the House Bill: "A COUNTY THAT PROVIDES A GRANT UNDER THIS SECTION SHALL REIMBURSE THE COMPTROLLER FOR REASONABLE EXPENSES INCURRED BY THE COMPTROLLER TO PROVIDE THE COUNTY INFORMATION NECESSARY TO IMPLEMENT THE GRANT."

Based on the amendments adopted by the General Assembly to the enabling law, the Comptroller's Office has requested the following amendment to Bill 46-26.

* * *

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**]]** The Director must pay **[[**it**]]** the Child Tax Credit Supplement to each eligible taxpayer.

[1] Under §10-101(k), a "resident" includes an individual, other than a fiduciary, who: 1. is domiciled in this State on the last day of the taxable year; or 2. for more than 6 months of the taxable year, maintained a place of abode in this State, whether domiciled in this State or not".

* * *

Next Step: Roll call vote on whether to enact Bill 46-26 with amendments, as unanimously recommended by the GO Committee.

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State Enabling Legislation: 2026 Regular Session - House Bill 363 Chapter

State Fiscal Policy Note: 2026 Regular Session - Fiscal and Policy Note for House Bill 363

Public Testimony: Bill 46-26, Taxation - Child Tax Credit - Supplemental Grant - County Council - Montgomery County, MD

*The Economic Impact Statement was not available at the time of publication of this staff report. It can be found at this address when available: Racial Equity and Social Justice, Economic, and Climate Impact Statements - Office of Legislative Oversight- Montgomery County, Maryland (montgomerycountymd.gov)

Bill No. 46-26
Concerning: Taxation – Child Tax Credit – Supplemental Grant
Revised: 10/29/2026 Draft No. 3
Introduced: September 15, 2026
Expires: December 7, 2026
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, Council Vice President Balcombe, and Councilmembers Katz, Glass, and Luedtke

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) *Place of abode* means one or more locations within the County where an individual lives for more than 6 months of the taxable year.

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

(f) *Resident* has the meaning stated in Section 10-101 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**]]** $50 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.

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

Racial Equity and Social Justice (RESJ) Impact Statement

Office of Legislative Oversight

BILL 46-26: TAXATION – CHILD TAX CREDIT – SUPPLEMENTAL GRANT

SUMMARY

The Office of Legislative Oversight (OLO) anticipates Bill 46-26 could have a positive impact on racial equity and social justice (RESJ) in the County. Black and Latinx children and families could disproportionately benefit from the creation of a local child tax credit for families with very low incomes.

PURPOSE OF RESJ IMPACT STATEMENTS

RESJ impact statements (RESJIS) evaluate the anticipated impact of legislation on racial equity and social justice in the County. RESJ is a **process** that focuses on centering the needs, leadership, and power of Black, Indigenous, and other People of Color (BIPOC) and communities with low incomes. RESJ is also a **goal** of eliminating racial and social inequities. Applying a RESJ lens is essential to achieve RESJ.[1] This involves seeing, thinking, and working differently to address the racial and social inequities that cause racial and social disparities.[2]

PURPOSE OF BILL 46-26

The purpose of Bill 46-26 is to establish a child tax credit for County families with lower incomes. This tax credit would supplement the existing Maryland Child Tax Credit.[3]

If enacted, Bill 46-26 would establish a grant of up to $500 for County taxpayers with a qualified child. The Bill defines a qualified child as a dependent of a taxpayer who is:[4]

- Under six years old; or
- Under 17 years old with a disability.

Taxpayers would qualify for the full $500 for each qualified child if:[5]

- Their federal adjusted gross income (AGI) is under $15,000; and
- They and each qualified child reside in the County.

Taxpayers with federal AGI of up to $24,000 could qualify for a reduced grant for each qualified child.[6] Table A in the Appendix shows the credit amount for different AGI thresholds. According to the Department of Finance, taxpayers would need to file their taxes to receive the grant.[7]

The Council introduced Bill 46-26 on September 15, 2026.

For background on RESJ and the economy, including the racial wealth gap, please refer to OLO Report 2024-11, *Racial Equity and Social Justice Policy Handbook: Land Use, Housing, and Economic Development*.[8]

ANTICIPATED RESJ IMPACTS

To consider the anticipated impact of Bill 46-26 on RESJ in the County, OLO recommends the consideration of two related questions:

- Who would primarily benefit or be burdened by this bill?
- What racial and social inequities could passage of this bill weaken or strengthen?

County families who would qualify for the proposed child tax credit could benefit from receiving the credit. As introduced, the tax credit would be targeted to families who have very low incomes. Families living in poverty often experience economic instability that makes it difficult to afford housing, food, health care, and other basic needs.[9] This instability burdens the health and well-being of children and families experiencing poverty.[10] Research shows that, combined with state and federal credits, local child tax credits have strong potential to reduce child poverty.[11]

Because of racial inequities like the racial wealth gap, BIPOC are more likely to have low incomes and experience economic instability. [12] Locally, Black households are overrepresented among County households with incomes of less than $25,000 (Table B, Appendix). Further, Black and Latinx community members experience the highest rates of poverty in the County (Table C, Appendix). Moreover, three out of four County children living below the poverty line are Black or Latinx (Table D, Appendix).

Therefore, OLO anticipates Bill 46-26 could have a positive impact on RESJ in the County.

RECOMMENDED AMENDMENTS

The County's RESJ Act requires OLO to consider whether to recommend amendments to bills that could reduce racial and social inequities and advance RESJ.[13] OLO anticipates Bill 46-26 could have a positive impact on RESJ in the County. As such, OLO does not offer recommended amendments. However, should the Council seek to improve the RESJ impact of this Bill, OLO offers one policy option for Council consideration:

- **Require strategies to increase uptake of tax credits among County families.** A recent study from the Urban Institute identified Montgomery County as one of two counties in the state with a high number and share of tax filers who are likely eligible for the state's Earned Income Tax Credit (EITC) but not claiming it.[14] Researchers from the study interviewed families to identify barriers to tax filing and strategies to increase the uptake of tax credits. Strategies highlighted by families included:[15]
    - Multi-modal and multi-lingual dissemination of information;
    - More tax education opportunities for children and adults;
    - Expanded access to high-quality free tax preparation services; and
    - Stronger partnerships between government and community organizations.

  The Council can consider requiring these and other strategies within the Bill to help increase uptake of the County's proposed child tax credit and other state and federal tax credits for families with lower incomes.

CAVEATS

Two caveats to this RESJIS should be noted. First, predicting the impact of bills on RESJ is challenging due to data limitations, uncertainty, and other factors. Second, this RESJIS is intended to inform the Council's decision-making process rather than determine it. Thus, any conclusion made in this statement does not represent OLO's endorsement of, or objection to, the bill under consideration.

APPENDIX

Table A. Proposed Supplemental Child Tax Credit Amounts in Bill 46-26[16]

If taxpayer's federal AGI is under…	Grant for each qualified child would be…
$15,000	$500
$16,000	$450
$17,000	$400
$18,000	$350
$19,000	$300
$20,000	$250
$21,000	$200
$22,000	$150
$23,000	$100
$24,000	$50

Source: OLO analysis of Bill 46-26.

Table B. Percent of Households with Household Income of $24,999 or Less by Race and Ethnicity, Montgomery County[17]

Race or ethnicity	Household Income $24,999 or Less
Asian	16.2
Black	27.5
Native American	0.9
Pacific Islander	0.2
White	37.0
Latinx	17.8

Source: OLO analysis of Table B19001, 2024 American Community Survey 5-Year Estimates, Census Bureau.

Table C. Poverty Rates by Race and Ethnicity, Montgomery County[18]

Race or ethnicity	Poverty Rate
Asian	6.3
Black	11.8
Native American	10.1
Pacific Islander	14.9
White	4.1
Latinx	11.6
County	7.5

Source: Table S1701, 2024 American Community Survey 5-Year Estimates, Census Bureau.

Table D. Percent of Children Living Below Poverty Line by Race and Ethnicity, Montgomery County, 2024

Race or ethnicity	Children Living Below Poverty Line
Asian	9.0
Black	33.2
Native American	0.7
Pacific Islander	0.0
White, non-Latinx	8.3
Latinx	42.8

Source: Child Poverty Status by Race in Montgomery, Kids Count Data Center, Annie E. Casey Foundation.

[1] Definition of racial equity and social justice adopted from M. Gamblin et al., "Applying Racial Equity to U.S. Federal Nutrition Programs," Bread for the World and Racial Equity Tools.
[2] Ibid.
[3] Refer to "Maryland Child Tax Credit (CTC) in "Earned Income Tax Credit," Comptroller of Maryland.
[4] Introduction Staff Report for Bill 46-26, Montgomery County Council, Introduced September 15, 2026, pgs. 2-3.
[5] Ibid.
[6] Ibid.
[7] OLO communication with Department of Finance staff on September 24, 2026.
[8] E. Bonner-Tompkins, J. Peña, E. Tesfaye, OLO Report 2024-11: Racial Equity and Social Justice Policy Handbook: Land Use, Housing, and Economic Development, Office of Legislative Oversight, June 18, 2024, Chapter 4.
[9] "New Family Economic Well-Being Index: Seven in 10 People in the U.S. Struggle to Afford Basic Needs," Center on Poverty and Inequality, Georgetown Law, September 24, 2026.
[10] "Poverty and Health - The Family Medicine Perspective (Position Paper)," American Academy of Family Physicians; "Mental health effects of poverty, hunger, and homelessness on children and teens," American Psychological Association.
[11] K. Das, et. al., "The Potential of Local Child Tax Credits to Reduce Child Poverty," Institute on Taxation and Economic Policy, October 8, 2025.
[12] E. Bonner-Tompkins, J. Peña, E. Tesfaye, OLO Report 2024-11: Racial Equity and Social Justice Policy Handbook: Land Use, Housing, and Economic Development.
[13] Bill 27-19, Administration – Human Rights – Office of Racial Equity and Social Justice – Racial Equity and Social Justice Advisory Committee – Established, Montgomery County Council.
[14] A. Boddupalli, et al., "Where Maryland Leaders Can Reach Residents Missing Out On Tax Credits," Tax Policy Center, Urban Institute & Brookings Institution, June 5, 2025.
[15] H. Webley, et al., "In Their Own Words: Marylanders Tell Us How To Improve Uptake of Tax Credits," Tax Policy Center, Urban Institute & Brookings Institution, August 14, 2025.
[16] Bill 46-26 proposes to reduce the $500 grant by 10% ($50) for each $1,000 that a County taxpayer's federal AGI exceeds $15,000. Introduction Staff Report for Bill 46-26, Montgomery County Council, Introduced September 15, 2026, pgs. 3 and (6).
[17] Race is inclusive of Latinx origin for data in Tables B, C, and D, unless where otherwise noted.
[18] Estimates for Native American and Pacific Islander community members in Table B have large margins of error.

Climate Assessment

Office of Legislative Oversight

BILL 46-26: TAXATION – CHILD TAX CREDIT – SUPPLEMENTAL GRANT

SUMMARY

The Office of Legislative Oversight (OLO) anticipates Bill 46-26 will have no impact on the County's contribution to addressing climate change as it is proposing a supplemental child tax credit for County families with lower incomes.

BACKGROUND AND PURPOSE OF BILL 46-26

The purpose of Bill 46-26 is to establish a child tax credit for County families with lower incomes. This tax credit would supplement the existing Maryland Child Tax Credit.[1]

If enacted, Bill 46-26 would establish a grant of up to $500 for County taxpayers with a qualified child. The Bill defines a qualified child as a dependent of a taxpayer who is:[2]

- Under six years old; or
- Under 17 years old and has a disability.

Taxpayers would qualify for the full $500 for each qualified child if:[3]

- Their federal adjusted gross income (AGI) is under $15,000; and
- They and each qualified child reside in the County.

Taxpayers with a federal AGI of up to $24,000 could qualify for a reduced grant for each qualified child.[4] Table A in the Appendix shows the credit amount for different AGI thresholds.

The Council introduced Bill 46-26 on September 15, 2026.

ANTICIPATED IMPACTS

As the Bill is proposing a supplemental child tax credit for County families with lower incomes, OLO anticipates Bill 46-26 will have no impact on the County's contribution to addressing climate change, including the reduction and/or sequestration of greenhouse gas emissions and community climate resilience.

RECOMMENDED AMENDMENTS

The Climate Assessment Act requires OLO to offer recommendations, such as amendments or other measures to mitigate any anticipated negative climate impacts.[5] OLO does not offer recommendations or amendments as Bill 46-26 is likely to have no impact on the County's contribution to addressing climate change, including the reduction and/or sequestration of greenhouse gas emissions and community climate resilience.

CAVEATS

OLO notes two caveats to this climate assessment. First, predicting the impacts of legislation upon climate change is a challenging analytical endeavor due to data limitations, uncertainty, and the broad, global nature of climate change. Second, the analysis performed here is intended to inform the legislative process, not determine whether the Council should enact legislation. Thus, any conclusion made in this statement does not represent OLO's endorsement of, or objection to, the bill under consideration.

PURPOSE OF CLIMATE ASSESSMENTS

The purpose of the Climate Assessments is to evaluate the anticipated impact of legislation on the County's contribution to addressing climate change. These climate assessments will provide the Council with a more thorough understanding of the potential climate impacts and implications of proposed legislation, at the County level. The scope of the Climate Assessments is limited to the County's contribution to addressing climate change, specifically upon the County's contribution to greenhouse gas emissions and how actions suggested by legislation could help increase the County's community climate resilience.

While co-benefits such as health and cost savings may be discussed, the focus is on how proposed County bills may impact GHG emissions and community resilience.

CONTRIBUTIONS

OLO staffer Kaitlyn Simmons drafted this assessment.

APPENDIX

Table A. Proposed Supplemental Child Tax Credit Amounts in Bill 46-26[6]

If taxpayer's federal AGI is under…	Grant for each qualified child would be…
$15,000	$500
$16,000	$450
$17,000	$400
$18,000	$350
$19,000	$300
$20,000	$250
$21,000	$200
$22,000	$150
$23,000	$100
$24,000	$50

Source: OLO Analysis of Bill 46-26.

[1] Refer to "Maryland Child Tax Credit (CTC) in "Earned Income Tax Credit," Comptroller of Maryland.
[2] Introduction Staff Report for Bill 46-26, Montgomery County Council, Introduced September 15, 2026, pgs. 2-3.
[3] Ibid.
[4] Ibid.
[5] Bill 3-22, Legislative Branch – Climate Assessments – Required, Montgomery County Council, Effective date October 24, 2022
[6] Bill 46-26 proposes to reduce the $500 grant by 10% ($50) for each $1,000 that a County taxpayer's federal AGI exceeds $15,000. Introduction Staff Report for Bill 46-26, Montgomery County Council, Introduced September 15, 2026, pgs. 3 and (6).

Fiscal Impact Statement

Office of Management and Budget

Bill 46-26

Taxation - Child Tax Credit - Supplemental Grant

Bill Summary

Bill 46-26 provides a supplemental grant to Montgomery County residents who receive Maryland's Child Tax Credit. The bill establishes the eligibility criteria for the grant and the procedure to calculate the amount of the grant.

Fiscal Impact Summary

Personnel costs assume Montgomery County will need a full-time staff member (accountant/auditor) to administer the supplemental grant. Total compensation, including salary and benefits, is estimated at $137,133 in FY28 and $685,665 total over five years. The personnel costs below assume the County cannot reach an agreement with the Office of the Comptroller to absorb the workload. If the County reaches an agreement, personnel costs may be reduced or eliminated in the scenario below. Bill 46-26 is estimated to reduce revenues by $6.0 million in FY28, rising to $6.4 million in FY32, for a total six-year cost of $31.1 million.

Fiscal Year	2027	2028	2029	2030	2031	2032	Total
Personnel Costs	$0	$137,133	$137,133	$137,133	$137,133	$137,133	$685,665
Operating Expenses	$0	$0	$0	$0	$0	$0	$0
Total Expenditures	**$0**	**$137,133**	**$137,133**	**$137,133**	**$137,133**	**$137,133**	**$685,665**
Revenues	**$0**	**($6,000,000)**	**($6,175,000)**	**($6,225,000)**	**($6,275,000)**	**($6,375,000)**	**($31,050,000)**
Total Impact	**$0**	**($6,137,133)**	**($6,312,133)**	**($6,362,133)**	**($6,412,133)**	**($6,512,133)**	**($31,735,665)**
FTE	0.00	1.00	1.00	1.00	1.00	1.00	

Fiscal Impact Analysis

Bill 46-26 establishes a grant of up to $500 per "qualified child" to supplement the State's Child Tax Credit. According to Section 10-751 of the Tax-General Article of the Maryland Code, as amended, "qualified child" is defined as a dependent of a taxpayer, if the dependent is under the age of 6, or 17 if the dependent is a child with a disability.

The value of the supplemental grant to the Child Tax Credit is $500 per eligible child provided that the taxpayer has Federal Adjusted Gross Income (AGI) less than $15,000 and both the taxpayer and each qualified child are residents of Montgomery County on the last day of the taxable year, as defined in the Bill.

For taxpayers whose federal adjusted gross income exceeds $15,000, the value of the grant is reduced by 10 percent for each $1,000, or fraction thereof, of Federal AGI in excess of the threshold value.

Estimating the revenue impact of Bill 46-26 requires several assumptions because of limited access to confidential individual income tax returns.

- The number of eligible taxpayers is calculated from the "Income Tax Summary Report (Tax Year 2024)" produced by the Comptroller of Maryland.
- The analysis assumes that a taxpayer with dependents has 1.51 dependents on average regardless of filing status, i.e., single parent or married couple.

	• The number of dependents per taxpayer is estimated using the "Personal Income Tax Statistics of Income (Tax Year 2020)" report produced by the Comptroller of Maryland. • The analysis assumes that 33 percent of dependents are under the age of 6 and thus qualify for the County's supplemental Child Tax Credit grant. • The number of eligible dependents is estimated using Census Bureau data on the age distribution in Montgomery County. • The analysis assumes that 4.2 percent of dependents between the ages of 6 and 17 have a disability and thus are also eligible for the County's supplemental grant. • The number of dependents with a disability is estimated using Census Bureau data on disability status of individuals in Montgomery County.
Staff Impact	The County will coordinate with the Office of the Comptroller of Maryland to administer the supplemental Child Tax Credit grant. The Comptroller's office has access to confidential individual income tax return data to identify eligible recipients, calculate the value of the grant, and disburse the grant to recipients. Absent an agreement with the Office of the Comptroller, Montgomery County will require an additional staff member to administer the supplemental Child Tax Credit. The cost of this additional staff member is included in the personnel cost analysis in the Fiscal Impact Summary table.
Actuarial Analysis	The bill is not expected to impact retiree pension or group insurance costs.
Information Technology Impact	The bill is not expected to impact the County Information Technology (IT) or Enterprise Resource Planning (ERP) systems.
Other Information	
Later actions that may impact revenue or expenditures if future spending is projected	The bill does not authorize future spending.
Ranges of revenue or expenditures that are uncertain or difficult to project	See Fiscal Impact Analysis section.
Sources of information	1. Number of individual income tax returns: data from the "Income Tax Summary Report" produced by the Comptroller of Maryland. 2. Number of dependents: data from the "Personal Income Tax Statistics of Income" produced by the Comptroller of Maryland. 3. Age distribution of Montgomery County residents: "Table DP05 ACS Demographic and Housing Estimates" produced by the American Community Survey (ACS), U.S. Census Bureau. 4. Number of individuals with a disability: "Table S1810 Disability Characteristics" produced by the American Community Survey (ACS), U.S. Census Bureau.
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