



House Bill 363

Income Tax - Local Child Tax Credit - Authorization

MACo Position: **SUPPORT**

To: Ways and Means Committee

Date: February 12, 2026

From: Kevin Kinnally

The Maryland Association of Counties (MACo) **SUPPORTS** HB 363. This bill authorizes counties to offer a local child tax credit against the county income tax for very low-income families.

MACo generally supports legislation that provides broad authority to enact incentives for revitalization and tax relief, and welcomes the opportunity to work with state policymakers to develop flexible, optional tools to create broad or targeted incentives. Counties prefer the approach offered by HB 363, as it provides local autonomy to determine the best way to offer these incentives rather than those mandating reductions in local revenue sources.

The bill focuses on families with extremely low income. Eligibility is limited to families with federal adjusted gross income below \$15,000, directing relief to residents facing the most acute financial strain, while limiting the fiscal exposure for counties that choose to participate.

The bill mirrors the structure of Maryland's existing State child tax credit but keeps all decisions local. Counties would decide whether to offer the credit, set its amount, and determine whether it is refundable. Counties could tailor the credit to local priorities and fiscal capacity, rather than applying a statewide mandate that affects county revenue without local input.

Counties continue to face growing fiscal pressure from education, infrastructure, public safety, and employee costs. At the same time, counties operate with limited tools to respond to changing community needs. HB 363 provides a targeted, locally driven option that counties may adopt when it aligns with local goals and fiscal capacity.

For these reasons, MACo urges the Committee to issue a **FAVORABLE** report on HB 363.