
By: Delegates Shriver, C. Mitchell, Muse, Finifter, and Branch

Introduced and read first time: February 16, 1996

Assigned to: Ways and Means

Committee Report: Favorable with amendments

House action: Adopted

Read second time: March 21, 1996

CHAPTER _____

1 AN ACT concerning

2 **Higher Education/Business Partnerships Program**

3 FOR the purpose of requiring the University of Maryland System, Morgan State
4 University, and St. Mary's College, under the direction of the Governor and in
5 consultation with the Department of Business and Economic Development, to
6 develop and implement a Higher Education/Business Partnerships Program for
7 certain cooperative arrangements between businesses and the public senior higher
8 education institutions of the State; ~~allowing a credit against the State income tax,~~
9 ~~financial institution franchise tax, public service company franchise tax, and~~
10 ~~insurance premiums tax for amounts paid pursuant to an agreement with a public~~
11 ~~senior higher education institution of the State under the program; providing for~~
12 ~~calculation of the credit; providing for refunds if the credit exceeds the total tax~~
13 ~~otherwise payable for a taxable year; providing for the future codification of part of~~
14 ~~this Act; providing for the termination of the credit after a certain taxable year;~~
15 ~~providing for the application of this Act; and generally relating to a Higher~~
16 ~~Education/Business Partnerships Program and a credit against the State income tax,~~
17 ~~financial institution franchise tax, public service company franchise tax, and~~
18 ~~insurance premiums tax for certain amounts paid pursuant to an agreement with a~~
19 ~~public senior higher education institution under the program.~~

20 BY adding to

21 Article - Education

22 Section 10-212

23 Annotated Code of Maryland

24 (1992 Replacement Volume and 1995 Supplement)

25 ~~BY adding to~~

26 ~~Article - Tax - General~~

2

1 ~~Section 8-214, 8-411, and 10-707~~
2 ~~Annotated Code of Maryland~~
3 ~~(1988 Volume and 1995 Supplement)~~

4 ~~BY adding to~~
5 ~~Article 48A—Insurance Code~~
6 ~~Section 632(e)~~
7 ~~Annotated Code of Maryland~~
8 ~~(1994 Replacement Volume and 1995 Supplement)~~

9 ~~BY adding to~~
10 ~~Article—Insurance~~
11 ~~Section 6-114~~
12 ~~Annotated Code of Maryland~~
13 ~~(1995 Volume)~~
14 ~~(As enacted by Chapter 36 of the Acts of the General Assembly of 1995)~~

15 Preamble

16 WHEREAS, Nationwide, public universities are increasingly diversifying beyond
17 their traditional educational role to become active catalysts for economic growth; and

18 WHEREAS, One of the key roles that a university can play in a State economic
19 development policy is to be a resource for State businesses, helping businesses to improve
20 their competitiveness, create jobs, and stimulate improvements and efficiencies in
21 business operations; and

22 WHEREAS, It is particularly important to further stimulate the links between
23 businesses in the State and the State's public universities; now, therefore,

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

26 **Article - Education**

27 10-212.

28 (A) (1) IN THIS SECTION THE FOLLOWING WORDS HAVE THE MEANINGS
29 INDICATED.

30 (2) "BUSINESS ENTITY" MEANS A PERSON THAT CONDUCTS OR
31 OPERATES A TRADE OR BUSINESS IN THE STATE.

32 (3) "PARTNERSHIPS PROGRAM" MEANS THE HIGHER
33 EDUCATION/BUSINESS PARTNERSHIPS PROGRAM ESTABLISHED UNDER THIS
34 SECTION.

35 (B) (1) IN ORDER TO IMPROVE THE ACCESSIBILITY OF BUSINESSES TO
36 RESOURCES OF THE PUBLIC SENIOR HIGHER EDUCATION INSTITUTIONS OF THE
37 STATE, THE UNIVERSITY OF MARYLAND SYSTEM, MORGAN STATE UNIVERSITY, AND

3

1 ST. MARY'S COLLEGE, UNDER THE DIRECTION OF THE GOVERNOR AND IN
2 CONSULTATION WITH THE DEPARTMENT OF BUSINESS AND ECONOMIC
3 DEVELOPMENT, SHALL DEVELOP AND IMPLEMENT A HIGHER EDUCATION/BUSINESS
4 PARTNERSHIPS PROGRAM.

5 (2) THE GOALS OF THE PARTNERSHIPS PROGRAM SHALL BE TO
6 PROVIDE OPPORTUNITIES FOR BUSINESSES TO BETTER UTILIZE RESOURCES THAT
7 THE PUBLIC SENIOR HIGHER EDUCATION INSTITUTIONS OF THE STATE HAVE TO
8 OFFER AND TO FOSTER CONTINUING LINKS BETWEEN THE INSTITUTIONS AND THE
9 BUSINESS COMMUNITY THROUGHOUT THE STATE.

10 (C) UNDER THE PARTNERSHIPS PROGRAM, THE PUBLIC SENIOR HIGHER
11 EDUCATION INSTITUTIONS OF THE STATE SHALL ENTER INTO AGREEMENTS WITH
12 BUSINESS ENTITIES FOR COOPERATIVE ARRANGEMENTS FOR ANY ONE OR MORE
13 OF THE FOLLOWING ACTIVITIES:

14 (1) EMPLOYMENT OF A GRADUATE STUDENT IN AN ELIGIBLE
15 WORK-STUDY JOB BY A BUSINESS ENTITY IN A BUSINESS SECTOR THAT IS RELATED
16 TO THE STUDENT'S FIELD OF STUDY AND IS CONSISTENT WITH THE STRATEGIC
17 ECONOMIC DEVELOPMENT GOALS ESTABLISHED FOR THE STATE WITH SPECIFIC
18 ELIGIBILITY CRITERIA DETERMINED BY THE INSTITUTION AND THE DEPARTMENT
19 OF BUSINESS AND ECONOMIC DEVELOPMENT;

20 (2) SPONSORED RESEARCH ADMINISTERED BY THE INSTITUTION; AND

21 (3) SPONSORSHIP BY THE BUSINESS ENTITY OF BUSINESS-SPECIFIC
22 TRAINING DEVELOPED OR CONDUCTED BY THE FACULTY OF THE INSTITUTION.

23 ~~(D) (1) EXCEPT AS PROVIDED IN SUBSECTION (E) OF THIS SECTION, A~~
24 ~~BUSINESS ENTITY MAY CLAIM A TAX CREDIT IN THE AMOUNT DETERMINED UNDER~~
25 ~~PARAGRAPH (2) OF THIS SUBSECTION FOR AMOUNTS PAID BY THE BUSINESS ENTITY~~
26 ~~PURSUANT TO AN AGREEMENT WITH A PUBLIC SENIOR HIGHER EDUCATION~~
27 ~~INSTITUTION OF THE STATE UNDER THE PARTNERSHIPS PROGRAM.~~

28 ~~(2) THE AMOUNT OF THE TAX CREDIT ALLOWED UNDER PARAGRAPH~~
29 ~~(1) OF THIS SUBSECTION IS:~~

30 ~~(i) 20% OF UP TO THE FIRST \$10,000 PAID BY A BUSINESS ENTITY IN~~
31 ~~THE FIRST YEAR OF AN AGREEMENT UNDER THE PARTNERSHIPS PROGRAM; AND~~

32 ~~(ii) 10% OF UP TO THE FIRST \$10,000 PAID BY A BUSINESS ENTITY IN~~
33 ~~THE SECOND YEAR OF AN AGREEMENT UNDER THE PARTNERSHIPS PROGRAM.~~

34 ~~(3) THE AMOUNTS PAID BY A BUSINESS ENTITY THAT ARE ELIGIBLE~~
35 ~~FOR THE TAX CREDIT UNDER THIS SUBSECTION MAY INCLUDE AMOUNTS THAT~~
36 ~~PURSUANT TO AN AGREEMENT WITH A PUBLIC SENIOR HIGHER EDUCATION~~
37 ~~INSTITUTION UNDER THE PARTNERSHIPS PROGRAM ARE PAID:~~

38 ~~(i) TO THE INSTITUTION; OR~~

39 ~~(ii) DIRECTLY TO A GRADUATE STUDENT OF THE INSTITUTION.~~

1 ~~(4) THE SAME TAX CREDIT MAY NOT BE APPLIED MORE THAN ONCE~~
2 ~~AGAINST DIFFERENT TAXES.~~

3 ~~(5) IF THE CREDIT ALLOWED UNDER THIS SUBSECTION IN ANY~~
4 ~~TAXABLE YEAR EXCEEDS THE TOTAL TAX OTHERWISE PAYABLE BY THE BUSINESS~~
5 ~~ENTITY FOR THAT TAXABLE YEAR, THE EXCESS SHALL BE REFUNDED TO THE~~
6 ~~BUSINESS ENTITY.~~

7 ~~(E) THE TAX CREDIT AUTHORIZED UNDER THIS SECTION SHALL BE~~
8 ~~ALLOWED ONLY FOR TAXABLE YEARS BEGINNING ON OR BEFORE DECEMBER 31,~~
9 ~~2001.~~

10 ~~**Article – Tax – General**~~

11 ~~8-214.~~

12 ~~A FINANCIAL INSTITUTION MAY CLAIM A CREDIT AGAINST THE FINANCIAL~~
13 ~~INSTITUTION FRANCHISE TAX FOR AMOUNTS PAID PURSUANT TO AN AGREEMENT~~
14 ~~WITH A PUBLIC SENIOR HIGHER EDUCATION INSTITUTION OF THE STATE UNDER~~
15 ~~THE HIGHER EDUCATION/BUSINESS PARTNERSHIPS PROGRAM AS PROVIDED UNDER~~
16 ~~§ 10-212 OF THE EDUCATION ARTICLE.~~

17 ~~8-411.~~

18 ~~A PUBLIC SERVICE COMPANY MAY CLAIM A CREDIT AGAINST THE PUBLIC~~
19 ~~SERVICE COMPANY FRANCHISE TAX FOR AMOUNTS PAID PURSUANT TO AN~~
20 ~~AGREEMENT WITH A PUBLIC SENIOR HIGHER EDUCATION INSTITUTION OF THE~~
21 ~~STATE UNDER THE HIGHER EDUCATION/BUSINESS PARTNERSHIPS PROGRAM AS~~
22 ~~PROVIDED UNDER § 10-212 OF THE EDUCATION ARTICLE.~~

23 ~~40-707.~~

24 ~~AN INDIVIDUAL OR CORPORATION MAY CLAIM A CREDIT AGAINST THE STATE~~
25 ~~INCOME TAX FOR AMOUNTS PAID PURSUANT TO AN AGREEMENT WITH A PUBLIC~~
26 ~~SENIOR HIGHER EDUCATION INSTITUTION OF THE STATE UNDER THE HIGHER~~
27 ~~EDUCATION/BUSINESS PARTNERSHIPS PROGRAM AS PROVIDED UNDER § 10-212 OF~~
28 ~~THE EDUCATION ARTICLE.~~

29 ~~**Article 48A – Insurance Code**~~

30 ~~632.~~

31 ~~(E) AN INSURANCE COMPANY MAY CLAIM A CREDIT AGAINST THE PREMIUM~~
32 ~~TAX FOR AMOUNTS PAID PURSUANT TO AN AGREEMENT WITH A PUBLIC SENIOR~~
33 ~~HIGHER EDUCATION INSTITUTION OF THE STATE UNDER THE HIGHER~~
34 ~~EDUCATION/BUSINESS PARTNERSHIPS PROGRAM AS PROVIDED UNDER § 10-212 OF~~
35 ~~THE EDUCATION ARTICLE.~~

36 ~~SECTION 2. AND BE IT FURTHER ENACTED, That the Laws of Maryland~~
37 ~~read as follows:~~

~~LIC SENIOR HIGHER EDUCATION INSTITUTION OF THE STATE UNDER~~
15 ~~THE HIGHER~~

1 ~~Article—Insurance~~

2 ~~6-114.~~

3 ~~AN INSURANCE COMPANY MAY CLAIM A CREDIT AGAINST THE PREMIUM TAX~~
4 ~~FOR AMOUNTS PAID PURSUANT TO AN AGREEMENT WITH A PUBLIC SENIOR HIGHER~~
5 ~~EDUCATION INSTITUTION OF THE STATE UNDER THE HIGHER~~
6 ~~EDUCATION/BUSINESS PARTNERSHIPS PROGRAM AS PROVIDED UNDER § 10-212 OF~~
7 ~~THE EDUCATION ARTICLE.~~

8 SECTION ~~3.~~ 2. AND BE IT FURTHER ENACTED, That the Department of
9 Fiscal Services, using information from the University of Maryland System, Morgan State
10 University, St. Mary's College, the Department of Business and Economic Development,
11 and appropriate representatives of the business community throughout the State and any
12 other relevant information, shall conduct a study of the efficacy and effectiveness of the
13 Higher Education/Business Partnerships Program ~~and the tax credit established under~~
14 ~~this Act~~ in improving the accessibility of businesses to resources of the public senior
15 higher education institutions in the State and in fostering continuing links between the
16 institutions and the business community in the State. The Department of Fiscal Services
17 shall complete and present the results of the study to the Senate Budget and Taxation
18 Committee and the House Committee on Ways and Means by December 1, 2000.

19 SECTION ~~4.~~ AND BE IT FURTHER ENACTED, That ~~Section 2 shall take effect~~
20 ~~October 1, 1997.~~

21 SECTION ~~5.~~ 3. AND BE IT FURTHER ENACTED, That, ~~except as provided in~~
22 ~~Section 4 of this Act,~~ this Act shall take effect July 1, 1996 ~~and shall be applicable to all~~
23 ~~taxable years beginning after December 31, 1996.~~