

HOUSE BILL 1166

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Q3
HB 662/01 - W&M

2002 Regular Session
2lr0935

By: **Delegates Cryor, Pitkin, Hecht, Clagett, Dembrow, Glassman, Redmer, Stern, Pielke, Eckardt, Kagan, Mohorovic, Minnick, Klima, Shank, Stocksdale, Walkup, and Brinkley**

Introduced and read first time: February 8, 2002
Assigned to: Ways and Means

Committee Report: Favorable with amendments
House action: Adopted
Read second time: March 22, 2002

CHAPTER _____

1 AN ACT concerning

2 **Teleworker Tax Credit for Costs of Providing Teleworker Benefits to**
3 **Employees Pilot Program**

4 FOR the purpose of establishing a Teleworker Tax Credit Pilot Program in Frederick
5 County, Montgomery County, and Prince George's County; allowing a certain
6 credit against the State income tax for certain costs incurred by employers that
7 provide certain teleworker benefits to employees; ~~providing for the maximum~~
8 ~~amount of credit per year per employee~~ limiting the credit allowed for any
9 taxable year for each eligible taxpayer to a certain maximum amount approved
10 by the Secretary of Transportation; providing for applications to the Secretary
11 for approval of the credit and certification by the Secretary to applicants of
12 maximum approved credit amounts; limiting the total amount of credits that the
13 Secretary may approve in any year; requiring the Secretary to approve the
14 credit on a certain basis if the total amount applied for exceeds a certain
15 maximum; requiring the Secretary to submit a certain annual report to the
16 Comptroller and the General Assembly regarding applications for the credit and
17 approval of the tax credit; requiring the Secretary to adopt certain regulations;
18 providing for the termination of this Act; defining certain terms; providing for
19 the application of this Act; and generally relating to a pilot program for a tax
20 credit against the State income tax for employer-provided teleworker benefits to
21 employees.

22 BY adding to
23 Article - Transportation
24 Section 2-701 and 2-702 to be under the new subtitle "Subtitle 7. Teleworker
25 Tax Credits ~~Credit for Employer-Provided Teleworker Benefits~~ Pilot

Article - Transportation

~~SUBTITLE 7. TAX CREDITS FOR EMPLOYER PROVIDED TELEWORKER BENEFITS
TELEWORKER TAX CREDIT PILOT PROGRAM.~~

2-701.

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

(B) "BUSINESS ENTITY" MEANS AN EMPLOYER WHO:

(1) ~~A PERSON CONDUCTING OR OPERATING A TRADE OR BUSINESS IN MARYLAND; OR MAINTAINS AT LEAST ONE PHYSICAL LOCATION IN FREDERICK COUNTY, MONTGOMERY COUNTY, OR PRINCE GEORGE'S COUNTY; AND~~

(2) ~~AN ORGANIZATION OPERATING IN MARYLAND THAT IS EXEMPT FROM TAXATION UNDER § 501(C)(3) OR (4) OF THE INTERNAL REVENUE CODE HAS A TOTAL WORKFORCE OF AT LEAST 20 EMPLOYEES.~~

(C) "ELIGIBLE COSTS" MEANS EXPENDITURES FOR EQUIPMENT, TELECOMMUNICATIONS SERVICES, AND ANY OTHER REASONABLE COSTS THAT ENABLE AN EMPLOYEE TO TELEWORK.

2-702.

THERE IS A TELEWORKER TAX CREDIT PILOT PROGRAM IN FREDERICK COUNTY, MONTGOMERY COUNTY, AND PRINCE GEORGE'S COUNTY.

2-703.

(A) (1) A BUSINESS ENTITY MAY CLAIM A TAX CREDIT AGAINST THE STATE INCOME TAX FOR ELIGIBLE COSTS INCURRED TO ENABLE AN EMPLOYEE WHO RESIDES OR WORKS IN THE STATE TO TELEWORK.

(2) THE TAX CREDIT SHALL BE EQUAL TO THE LESSER OF:

(I) ~~28% OF THE ELIGIBLE COSTS FOR AN EMPLOYEE WHO TELEWORKS 4 OR MORE DAYS PER WEEK;~~

(II) ~~15% OF THE ELIGIBLE COSTS FOR AN EMPLOYEE WHO TELEWORKS 3 DAYS PER WEEK;~~

(III) ~~10% OF THE ELIGIBLE COSTS FOR AN EMPLOYEE WHO TELEWORKS 2 DAYS PER WEEK; AND~~

(IV) ~~5% OF THE COSTS FOR AN EMPLOYEE WHO TELEWORKS 1 DAY PER WEEK.~~

(B) (1) ~~THE CREDIT ALLOWED UNDER THIS SECTION MAY NOT EXCEED, FOR ANY TAXABLE YEAR:~~

1 (I) ~~\$1,120 PER EMPLOYEE WHO TELEWORKS 4 OR MORE DAYS PER~~
2 ~~WEEK;~~

3 (II) ~~\$600 PER EMPLOYEE WHO TELEWORKS 3 DAYS PER WEEK;~~

4 (III) ~~\$400 PER EMPLOYEE WHO TELEWORKS 2 DAYS PER WEEK; AND~~

5 (IV) ~~\$200 PER EMPLOYEE WHO TELEWORKS 1 DAY PER WEEK.~~

6 (2) ~~THE UNUSED AMOUNT OF THE CREDIT UNDER THIS SECTION FOR~~
7 ~~ANY TAXABLE YEAR MAY NOT BE CARRIED OVER TO ANY OTHER TAXABLE YEAR.~~

8 (I) 10% OF THE ELIGIBLE COSTS OF A BUSINESS ENTITY FOR THE
9 TAXABLE YEAR; OR

10 (II) \$10,000.

11 (C) THE TAX CREDIT DOES NOT APPLY TO:

12 (1) AN EMPLOYEE WHOSE JOB FUNCTION REQUIRES THAT THE
13 MAJORITY OF THE EMPLOYEE'S DUTIES BE PERFORMED OUTSIDE OF THE
14 WORKPLACE; ~~OR~~

15 (2) ~~AN EMPLOYEE WHO TELEWORKS LESS THAN 2 DAYS A MONTH~~
16 ~~EQUIPMENT THAT IS USED FOR FEWER THAN 45 DAYS PER CALENDAR YEAR; OR~~

17 (3) EQUIPMENT THAT IS NOT USED FOR A HOME-BASED BUSINESS.

18 (D) THE CREDIT ALLOWED UNDER THIS SECTION MAY NOT EXCEED THE TAX
19 LIABILITY OF THE TAXPAYER AND MAY NOT BE CARRIED FORWARD TO A
20 SUCCEEDING YEAR.

21 (E) (1) ON OR BEFORE OCTOBER 1 OF EACH YEAR, A BUSINESS ENTITY MAY
22 SUBMIT AN APPLICATION TO THE SECRETARY FOR APPROVAL OF THE CREDIT FOR A
23 TAXABLE YEAR THAT BEGINS IN THE NEXT CALENDAR YEAR.

24 (2) (I) THE TOTAL AMOUNT OF CREDITS APPROVED BY THE
25 SECRETARY EACH YEAR UNDER THIS SECTION MAY NOT EXCEED \$250,000.

26 (II) IF THE TOTAL AMOUNT OF CREDITS APPLIED FOR BY ALL
27 BUSINESS ENTITIES EXCEEDS THE MAXIMUM SPECIFIED IN SUBPARAGRAPH (I) OF
28 THIS PARAGRAPH, THE SECRETARY SHALL APPROVE A CREDIT UNDER THIS SECTION
29 IN THE ORDER IN WHICH REQUESTS WERE RECEIVED.

30 (3) ON OR BEFORE NOVEMBER 15 OF EACH YEAR, THE SECRETARY
31 SHALL CERTIFY TO EACH BUSINESS ENTITY THE MAXIMUM AMOUNT OF THE CREDIT
32 APPROVED FOR THE BUSINESS ENTITY UNDER THIS SECTION FOR THE TAXABLE
33 YEAR THAT BEGINS IN THE NEXT CALENDAR YEAR.

1 with no further action required by the General Assembly, this Act shall be abrogated
2 and of no further force and effect.