
By: **Delegate Pitkin**

Introduced and read first time: February 28, 2002

Assigned to: Rules and Executive Nominations

A BILL ENTITLED

1 AN ACT concerning

2 **Tax Credit - Telework**

3 FOR the purpose of allowing a State income tax credit for certain expenses paid by an
4 employer for certain furnishings and electronic information equipment used to
5 enable certain individuals to telework; limiting the total amount of credits that
6 a person may receive for any taxable year to a certain amount under certain
7 conditions; providing for the application to the Secretary of Business and
8 Economic Development for approval of the credit; limiting the amount of credits
9 that the Secretary may approve for a taxable year; providing that no other
10 deduction or credit under the State income tax law may be claimed with respect
11 to any expenses taken into account in determining the credit; requiring the
12 Comptroller to provide by regulation for the recapture of the credit under
13 certain circumstances; limiting the credit allowed for each taxable year to a
14 certain amount with respect to expenses paid for each individual who teleworks;
15 limiting the credit allowed for any taxable year to the State income tax for that
16 taxable year; defining certain terms; providing for the application of this Act;
17 and generally relating to a State income tax credit for certain expenses paid by
18 an employer for certain furnishings and electronic information equipment used
19 to enable an individual to telework.

20 BY adding to
21 Article - Tax - General
22 Section 10-724
23 Annotated Code of Maryland
24 (1997 Replacement Volume and 2001 Supplement)

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

27 **Article - Tax - General**

28 10-724.

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

1 (2) "ELIGIBLE EMPLOYER" MEANS AN EMPLOYER FOR WHOM AN
2 EMPLOYEE RESIDING AND WORKING IN THE STATE PERFORMS SERVICES UNDER A
3 TELEWORKING ARRANGEMENT.

4 (3) "QUALIFIED TELEWORKING EXPENSES" MEANS EXPENSES PAID OR
5 INCURRED UNDER A TELEWORKING ARRANGEMENT FOR FURNISHINGS AND
6 ELECTRONIC INFORMATION EQUIPMENT THAT ARE USED TO ENABLE AN
7 INDIVIDUAL WHO RESIDES AND WORKS IN THE STATE TO TELEWORK.

8 (4) "SECRETARY" MEANS THE SECRETARY OF BUSINESS AND ECONOMIC
9 DEVELOPMENT.

10 (5) "TELEWORK" MEANS TO PERFORM WORK FUNCTIONS USING
11 ELECTRONIC INFORMATION AND COMMUNICATION TECHNOLOGIES, THEREBY
12 REDUCING OR ELIMINATING THE PHYSICAL COMMUTE TO AND FROM THE
13 TRADITIONAL WORKSITE.

14 (6) "TELEWORKING ARRANGEMENT" MEANS AN ARRANGEMENT UNDER
15 WHICH AN EMPLOYEE TELEWORKS FOR AN EMPLOYER NOT LESS THAN 50 DAYS PER
16 YEAR.

17 (B) AN ELIGIBLE EMPLOYER MAY CLAIM A CREDIT AGAINST THE STATE
18 INCOME TAX IN AN AMOUNT EQUAL TO THE QUALIFIED TELEWORKING EXPENSES
19 PAID OR INCURRED BY THE ELIGIBLE EMPLOYER DURING THE TAXABLE YEAR IF THE
20 ELIGIBLE EMPLOYER:

21 (1) MAINTAINS A PHYSICAL LOCATION IN THE STATE;

22 (2) HAS A TOTAL WORKFORCE OF AT LEAST 20 EMPLOYEES; AND

23 (3) USES WWW.TELETRIPS.COM TO MONITOR THE NUMBER AND
24 FREQUENCY OF EMPLOYEES TELEWORKING.

25 (C) (1) FOR EACH INDIVIDUAL WHO TELEWORKS, THE CREDIT ALLOWED
26 UNDER THIS SECTION FOR A TAXABLE YEAR WITH RESPECT TO QUALIFIED
27 TELEWORKING EXPENSES PAID OR INCURRED BY OR ON BEHALF OF THE
28 INDIVIDUAL MAY NOT EXCEED \$500.

29 (2) (I) FOR AN INDIVIDUAL WHO IS IN A TELEWORKING
30 ARRANGEMENT FOR LESS THAN A FULL TAXABLE YEAR, THE MAXIMUM SPECIFIED
31 IN PARAGRAPH (1) OF THIS SUBSECTION SHALL BE REDUCED BY AN AMOUNT THAT
32 BEARS THE SAME RATIO TO \$500 AS THE NUMBER OF MONTHS IN WHICH THE
33 INDIVIDUAL IS NOT IN A TELEWORKING ARRANGEMENT BEARS TO 12.

34 (II) FOR PURPOSES OF THIS PARAGRAPH, AN INDIVIDUAL SHALL BE
35 TREATED AS BEING IN A TELEWORKING ARRANGEMENT FOR A MONTH IF THE
36 INDIVIDUAL IS SUBJECT TO THE ARRANGEMENT FOR ANY DAY OF THE MONTH.

1 (3) FOR ANY TAXABLE YEAR, AN ELIGIBLE EMPLOYER MAY NOT
2 RECEIVE A TAX CREDIT UNDER THIS SECTION IN AN AMOUNT GREATER THAN THE
3 LESSER OF:

4 (I) \$10,000; OR

5 (II) THE AMOUNT OF THE CREDIT APPROVED BY THE SECRETARY
6 FOR THE ELIGIBLE EMPLOYER UNDER SUBSECTION (D) OF THIS SECTION.

7 (4) THE SECRETARY SHALL TAKE APPROPRIATE STEPS TO EDUCATE
8 ELIGIBLE EMPLOYERS AND ENCOURAGE THE USE OF THE TAX CREDIT CREATED BY
9 THIS SECTION.

10 (D) (1) BY NOVEMBER 1 OF THE TAXABLE YEAR FOR WHICH THE CREDIT
11 UNDER THIS SECTION IS SOUGHT, A PERSON SHALL SUBMIT AN APPLICATION TO THE
12 SECRETARY FOR APPROVAL OF THE CREDIT.

13 (2) (I) THE TOTAL AMOUNT OF CREDITS APPROVED BY THE
14 SECRETARY UNDER THIS SECTION MAY NOT EXCEED \$1,000,000 FOR ANY TAXABLE
15 YEAR.

16 (II) IF THE TOTAL AMOUNT OF CREDITS APPLIED FOR BY ALL
17 INDIVIDUALS EXCEEDS THE MAXIMUM SPECIFIED IN SUBPARAGRAPH (I) OF THIS
18 PARAGRAPH, THE SECRETARY SHALL APPROVE A CREDIT UNDER THIS SECTION IN
19 THE ORDER IN WHICH REQUESTS WERE RECEIVED.

20 (E) (1) THE CREDIT ALLOWED UNDER THIS SECTION FOR ANY TAXABLE
21 YEAR MAY NOT EXCEED THE STATE INCOME TAX FOR THAT TAXABLE YEAR,
22 DETERMINED BEFORE THE APPLICATION OF THE CREDITS UNDER THIS SECTION
23 AND §§ 10-701 AND 10-701.1 OF THIS SUBTITLE BUT AFTER APPLICATION OF THE
24 OTHER CREDITS ALLOWABLE UNDER THIS SUBTITLE.

25 (2) IF THE CREDIT OTHERWISE ALLOWABLE UNDER THIS SECTION FOR
26 ANY TAXABLE YEAR EXCEEDS THE LIMITATION UNDER PARAGRAPH (1) OF THIS
27 SUBSECTION, ANY UNUSED CREDIT MAY BE CARRIED FORWARD AND APPLIED FOR
28 SUCCEEDING TAXABLE YEARS UNTIL THE FULL AMOUNT OF THE CREDIT IS USED.

29 (F) (1) EXCEPT AS OTHERWISE PROVIDED IN THIS TITLE, FOR PURPOSES OF
30 DETERMINING STATE TAXABLE INCOME, THE BASIS OF ANY PROPERTY WITH
31 RESPECT TO WHICH A CREDIT IS ALLOWED UNDER THIS SECTION SHALL BE ITS
32 BASIS FOR FEDERAL INCOME TAX PURPOSES.

33 (2) THE COMPTROLLER SHALL, BY REGULATION, PROVIDE FOR
34 RECAPTURING THE BENEFIT OF ANY CREDIT ALLOWED UNDER THIS SECTION WITH
35 RESPECT TO ANY PROPERTY THAT CEASES TO BE PROPERTY ELIGIBLE FOR THE
36 CREDIT.

37 (3) THE CREDIT UNDER THIS SECTION MAY NOT BE CLAIMED WITH
38 RESPECT TO:

1 (I) ANY PROPERTY THAT IS REFERRED TO IN § 50(B) OF THE
2 INTERNAL REVENUE CODE; OR

3 (II) THE PORTION OF THE COST OF ANY PROPERTY TAKEN INTO
4 ACCOUNT UNDER § 179 OF THE INTERNAL REVENUE CODE.

5 (4) NO OTHER DEDUCTION OR CREDIT UNDER THIS TITLE MAY BE
6 ALLOWED WITH RESPECT TO ANY EXPENSE THAT IS TAKEN INTO ACCOUNT IN
7 DETERMINING THE CREDIT UNDER THIS SECTION.

8 (G) THE SECRETARY SHALL ADOPT REGULATIONS TO IMPLEMENT THIS
9 SECTION.

10 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
11 July 1, 2002 and shall be applicable to all taxable years beginning after December 31,
12 2001.