

HOUSE BILL 349

Q3

(7lr1130)

ENROLLED BILL

— Ways and Means/Budget and Taxation —

Introduced by **Delegates Miele, Afzali, Angel, Aumann, Barkley, Brooks, Cassilly, Chang, Ciliberti, Cluster, Ebersole, Folden, Frush, Grammer, Hixson, Holmes, Hornberger, S. Howard, Jalisi, Krebs, Long, McConkey, Metzgar, Pena-Melnyk, Queen, Rose, Saab, Shoemaker, Sophocleus, Szeliga, Turner, Valentino-Smith, C. Wilson, ~~and P. Young~~ P. Young, Ali, D. Barnes, Buckel, C. Howard, Kaiser, Luedtke, McMillan, Mosby, Patterson, Reilly, Simonaire, Tarlau, Walker, and Wilkins**

Read and Examined by Proofreaders:

Proofreader.

Proofreader.

Sealed with the Great Seal and presented to the Governor, for his approval this _____ day of _____ at _____ o'clock, _____ M.

Speaker.

CHAPTER _____

1 AN ACT concerning

2 **Income Tax Credit – Wages Paid to Qualified Veteran Employees**
3 **(Hire Our Veterans Act of 2017)**

4 FOR the purpose of allowing a credit against the State income tax for certain wages paid
5 by certain small businesses to certain qualified veteran employees; providing for the
6 calculation of the credit; prohibiting a small business from claiming the credit under
7 certain circumstances; ~~requiring the small business to submit certain documentation~~
8 ~~to qualify for the credit; requiring the Department of Veterans Affairs~~ Commerce, on
9 application of a small business, to issue a tax credit certificate under certain

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.

Underlining indicates amendments to bill.

~~Strike out~~ indicates matter stricken from the bill by amendment or deleted from the law by amendment.

Italics indicate opposite chamber/conference committee amendments.



1 circumstances; requiring the application to contain certain information; requiring
 2 the Department to approve applications on a first-come, first-served basis and notify
 3 applicants of approval or denial of an application within a certain number of days
 4 after receipt of the application; providing that the total amount of tax credit
 5 certificates issued by the Department may not exceed a certain amount for each
 6 taxable year; requiring the Department to report certain information to the
 7 Comptroller on or before a certain date each year; requiring the Department to adopt
 8 certain regulations; requiring the Secretary of ~~Veterans Affairs~~ Commerce to report
 9 to the General Assembly on or before a certain date; defining certain terms; providing
 10 for the application of this Act; and generally relating to a State income tax credit for
 11 wages paid to qualified veteran employees.

12 BY adding to

13 Article – Tax – General

14 Section 10-741

15 Annotated Code of Maryland

16 (2016 Replacement Volume)

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

19 **Article – Tax – General**

20 **10-741.**

21 (A) (1) IN THIS SECTION THE FOLLOWING WORDS HAVE THE MEANINGS
 22 INDICATED.

23 (2) “DEPARTMENT” MEANS THE DEPARTMENT OF ~~VETERANS~~
 24 ~~AFFAIRS~~ COMMERCE.

25 ~~(2)~~ (3) “QUALIFIED VETERAN EMPLOYEE” MEANS AN INDIVIDUAL
 26 WHO:

27 (I) IS HONORABLY DISCHARGED OR RELEASED UNDER
 28 HONORABLE CIRCUMSTANCES FROM ACTIVE MILITARY, NAVAL, OR AIR SERVICE AS
 29 DEFINED IN 38 U.S.C. § 101; AND

30 (II) IS A QUALIFIED VETERAN AS DEFINED UNDER 26 U.S.C. §
 31 51(D)(3)(A) FOR PURPOSES OF THE FEDERAL WORK OPPORTUNITY TAX CREDIT.

32 ~~(3)~~ (4) “SMALL BUSINESS” MEANS AN INDIVIDUAL, A
 33 PARTNERSHIP, A LIMITED PARTNERSHIP, A LIMITED LIABILITY PARTNERSHIP, A
 34 LIMITED LIABILITY COMPANY, OR A CORPORATION THAT EMPLOYS 50 OR FEWER
 35 FULL-TIME EMPLOYEES.

1 (B) EXCEPT AS PROVIDED IN SUBSECTION (D) OF THIS SECTION, A SMALL
2 BUSINESS THAT HIRES A QUALIFIED VETERAN EMPLOYEE MAY CLAIM A CREDIT
3 AGAINST THE STATE INCOME TAX ~~IN THE AMOUNTS DETERMINED UNDER~~
4 ~~SUBSECTION (C) OF THIS SECTION~~ IN THE AMOUNT STATED ON THE TAX CREDIT
5 CERTIFICATE ISSUED UNDER SUBSECTION (E) OF THIS SECTION FOR WAGES PAID TO
6 THE QUALIFIED VETERAN EMPLOYEE.

7 (C) FOR EACH TAXABLE YEAR, FOR THE WAGES PAID TO EACH QUALIFIED
8 VETERAN EMPLOYEE, A CREDIT ~~IS ALLOWED IN AN AMOUNT EQUAL TO:~~

9 ~~(1) MAY NOT EXCEED 30% OF UP TO THE FIRST \$6,000 OF WAGES PAID~~
10 ~~TO THE QUALIFIED VETERAN EMPLOYEE DURING THE FIRST YEAR OF EMPLOYMENT;~~
11 ~~AND~~

12 ~~(2) 20% OF UP TO THE FIRST \$6,000 OF WAGES PAID TO THE~~
13 ~~QUALIFIED VETERAN EMPLOYEE DURING THE SECOND YEAR OF EMPLOYMENT.~~

14 (D) A SMALL BUSINESS MAY NOT CLAIM THE CREDIT UNDER THIS SECTION:

15 (1) FOR MORE THAN FIVE QUALIFIED VETERAN EMPLOYEES IN A
16 TAXABLE YEAR; OR

17 (2) FOR A QUALIFIED VETERAN EMPLOYEE WHO IS HIRED TO
18 REPLACE A LAID-OFF EMPLOYEE OR AN EMPLOYEE WHO IS ON STRIKE.

19 (E) (1) ON APPLICATION BY A SMALL BUSINESS, THE DEPARTMENT
20 SHALL ISSUE A TAX CREDIT CERTIFICATE IN THE AMOUNT ALLOWABLE UNDER
21 SUBSECTION (C) OF THIS SECTION FOR EACH QUALIFIED VETERAN EMPLOYEE
22 EMPLOYED BY THE SMALL BUSINESS IN A TAXABLE YEAR, SUBJECT TO SUBSECTION
23 (D)(1) OF THIS SECTION.

24 (2) THE APPLICATION SHALL INCLUDE:

25 (I) THE NAME OF THE SMALL BUSINESS;

26 (II) INFORMATION IDENTIFYING THE NAME AND DATE OF HIRE
27 OF THE QUALIFIED VETERAN EMPLOYEE;

28 (III) PROOF OF THE WAGES PAID TO THE QUALIFIED VETERAN
29 EMPLOYEE; AND

30 (IV) ANY OTHER INFORMATION THAT THE DEPARTMENT
31 REQUIRES.

1 **(3) THE DEPARTMENT SHALL:**

2 **(I) APPROVE ALL APPLICATIONS THAT QUALIFY FOR A TAX**
 3 **CREDIT CERTIFICATE UNDER THIS SUBSECTION ON A FIRST-COME, FIRST-SERVED**
 4 **BASIS; AND**

5 **(II) NOTIFY THE SMALL BUSINESS WITHIN 45 DAYS AFTER THE**
 6 **RECEIPT OF THE APPLICATION OF THE DEPARTMENT'S APPROVAL OR DENIAL.**

7 **(4) FOR EACH TAXABLE YEAR, THE TOTAL AMOUNT OF THE CREDIT**
 8 **CERTIFICATES THAT MAY BE ISSUED BY THE DEPARTMENT UNDER THIS SECTION**
 9 **MAY NOT EXCEED \$500,000.**

10 **(F) ON OR BEFORE JANUARY 31 OF EACH TAXABLE YEAR, THE**
 11 **DEPARTMENT SHALL REPORT TO THE COMPTROLLER ON THE TAX CREDIT**
 12 **CERTIFICATES ISSUED UNDER THIS SECTION DURING THE PRIOR TAXABLE YEAR.**

13 **(G) THE DEPARTMENT SHALL ADOPT REGULATIONS TO:**

14 **(1) IMPLEMENT THE PROVISIONS OF THIS SECTION; AND**

15 **(2) SPECIFY CRITERIA AND PROCEDURES FOR APPLICATION FOR,**
 16 **APPROVAL OF, AND MONITORING CONTINUING ELIGIBILITY FOR THE TAX CREDIT**
 17 **UNDER THIS SECTION.**

18 ~~**(E) TO QUALIFY FOR THE CREDIT PROVIDED UNDER THIS SECTION, FOR**~~
 19 ~~**EACH QUALIFIED VETERAN EMPLOYEE FOR WHOM THE SMALL BUSINESS IS**~~
 20 ~~**CLAIMING THE CREDIT, THE SMALL BUSINESS SHALL ATTACH TO THE SMALL**~~
 21 ~~**BUSINESS'S INCOME TAX RETURN OR OTHERWISE FILE WITH THE COMPTROLLER:**~~

22 ~~**(1) INFORMATION IDENTIFYING THE NAME AND DATE OF HIRE OF THE**~~
 23 ~~**QUALIFIED VETERAN EMPLOYEE; AND**~~

24 ~~**(2) PROOF OF THE WAGES PAID TO THE QUALIFIED VETERAN**~~
 25 ~~**EMPLOYEE.**~~

26 SECTION 2. AND BE IT FURTHER ENACTED, That, on or before June 30, 2020,
 27 the Secretary of ~~Veterans Affairs~~ *Commerce* shall report to the General Assembly, in
 28 accordance with § 2-1246 of the State Government Article, on the effectiveness of the tax
 29 credit established under this Act.

30 SECTION ~~2~~ 3. AND BE IT FURTHER ENACTED, That this Act shall take effect
 31 July 1, 2017, and shall be applicable to all taxable years beginning after December 31, 2016.