

# SENATE BILL 380

Q3, F5  
SB 522/17 – B&T

8lr1163  
CF 8lr2530

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By: **Senators King, Benson, Conway, Feldman, Ferguson, Guzzone, Klausmeier, Manno, McFadden, Middleton, Peters, Robinson, Smith, Young, and Zucker**  
Introduced and read first time: January 25, 2018  
Assigned to: Budget and Taxation

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## A BILL ENTITLED

1 AN ACT concerning

2 **Income Tax Credit – Employers – Eligible Internships**

3 FOR the purpose of allowing certain employers a credit, up to a certain amount, against  
4 the State income tax for employing certain eligible interns subject to certain  
5 limitations; requiring an eligible employer to enter into a certain agreement with a  
6 certain eligible institution of higher education; requiring a certain eligible employer  
7 to submit a certain application to the Department of Labor, Licensing, and  
8 Regulation at a certain time; requiring the Department to approve certain  
9 applications on a first-come, first-served basis and within a certain time period;  
10 limiting the amount of tax credit certificates that may be issued in any taxable year  
11 to a certain amount; prohibiting the carryforward of the credit; requiring the  
12 Department to adopt certain regulations; requiring the Comptroller, in consultation  
13 with the Department, to report to the General Assembly on or before a certain date;  
14 defining certain terms; providing for the application and termination of this Act; and  
15 generally relating to a tax credit for certain internships.

16 BY adding to  
17 Article – Tax – General  
18 Section 10–746  
19 Annotated Code of Maryland  
20 (2016 Replacement Volume and 2017 Supplement)

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

23 **Article – Tax – General**

24 **10–746.**

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EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.  
[Brackets] indicate matter deleted from existing law.



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

3                   (2) “DEPARTMENT” MEANS THE DEPARTMENT OF LABOR,  
4 LICENSING, AND REGULATION.

5                   (3) “ELIGIBLE EMPLOYER” MEANS A BUSINESS ENTITY:

6                           (I) LOCATED IN THE STATE; AND

7                           (II) THAT WOULD NOT HAVE HIRED AN ELIGIBLE INTERN  
8 WITHOUT THE TAX CREDIT PROVIDED UNDER THIS SECTION.

9                   (4) “ELIGIBLE INSTITUTION” MEANS A PUBLIC OR PRIVATE  
10 NONPROFIT INSTITUTION OF HIGHER EDUCATION IN THE STATE.

11                   (5) “ELIGIBLE INTERN” MEANS A STUDENT WHO:

12                           (I) IS ENROLLED IN AN ELIGIBLE INSTITUTION;

13                           (II) HAS COMPLETED AT LEAST 50% OF THE CREDITS REQUIRED  
14 TO EARN AN ASSOCIATE, BACHELOR’S, OR GRADUATE DEGREE;

15                           (III) WORKS AT LEAST 10 HOURS PER WEEK FOR A MINIMUM OF  
16 8 WEEKS FOR AN ELIGIBLE EMPLOYER;

17                           (IV) IS PAID AT LEAST 100% OF THE STATE MINIMUM WAGE;

18                           (V) HAS NOT PREVIOUSLY WORKED FOR THE ELIGIBLE  
19 EMPLOYER IN THE SAME JOB OR A SIMILAR JOB;

20                           (VI) IS NOT A PERMANENT EMPLOYEE OF THE ELIGIBLE  
21 EMPLOYER;

22                           (VII) DOES NOT REPLACE AN EXISTING EMPLOYEE OF THE  
23 ELIGIBLE EMPLOYER; AND

24                           (VIII) HAS NOT BEEN PREVIOUSLY CLAIMED BY ANY ELIGIBLE  
25 EMPLOYER IN ANY TAXABLE YEAR FOR THE PURPOSES OF THE TAX CREDIT UNDER  
26 THIS SECTION.

27           (B) (1) SUBJECT TO THE LIMITATIONS OF THIS SECTION, FOR THE  
28 TAXABLE YEAR IN WHICH AN ELIGIBLE EMPLOYER EMPLOYS AN ELIGIBLE INTERN,  
29 THE ELIGIBLE EMPLOYER MAY CLAIM A CREDIT AGAINST THE STATE INCOME TAX IN

1 AN AMOUNT EQUAL TO THE AMOUNT OF THE TAX CREDIT STATED IN THE CREDIT  
2 CERTIFICATE ISSUED TO AN ELIGIBLE EMPLOYER AS PROVIDED UNDER THIS  
3 SECTION.

4 (2) THE AMOUNT OF THE TAX CREDIT ALLOWED UNDER THIS SECTION  
5 MAY NOT EXCEED:

6 (I) \$1,000 FOR EACH ELIGIBLE INTERN; OR

7 (II) 10% OF THE WAGES PAID TO EACH ELIGIBLE INTERN.

8 (3) AN ELIGIBLE EMPLOYER MAY NOT CLAIM A CREDIT FOR MORE  
9 THAN FIVE ELIGIBLE INTERNS EMPLOYED IN THE TAXABLE YEAR FOR WHICH THE  
10 ELIGIBLE EMPLOYER CLAIMS THE CREDIT.

11 (4) THE UNUSED AMOUNT OF THE CREDIT FOR ANY TAXABLE YEAR  
12 MAY NOT BE CARRIED OVER TO ANY OTHER TAXABLE YEAR.

13 (C) TO CLAIM THE CREDIT ALLOWED UNDER THIS SECTION, AN ELIGIBLE  
14 EMPLOYER MUST ENTER INTO A WRITTEN AGREEMENT WITH AN ELIGIBLE  
15 INSTITUTION SPECIFYING THAT THE ELIGIBLE INTERN:

16 (1) WILL BE SUPERVISED AND EVALUATED BY THE ELIGIBLE  
17 EMPLOYER;

18 (2) IS NOT REQUIRED TO PERFORM THE INTERNSHIP FOR A SPECIFIC  
19 DEGREE PROGRAM THAT REQUIRES PRACTICAL EXPERIENCE, INCLUDING STUDENT  
20 TEACHING OR STUDENT NURSING; AND

21 (3) (I) WILL EARN ACADEMIC CREDIT FOR COMPLETING THE  
22 INTERNSHIP; OR

23 (II) IF NO ACADEMIC CREDIT WILL BE EARNED, WILL WORK IN  
24 AN INTERNSHIP RELATED TO THE ELIGIBLE INTERN'S FIELD OF STUDY AT THE  
25 ELIGIBLE INSTITUTION.

26 (D) (1) AT LEAST 30 DAYS PRIOR TO EMPLOYING AN ELIGIBLE INTERN  
27 FOR WHICH AN ELIGIBLE EMPLOYER WOULD BE ELIGIBLE FOR A TAX CREDIT UNDER  
28 THIS SECTION, THE ELIGIBLE EMPLOYER SHALL SUBMIT AN APPLICATION TO THE  
29 DEPARTMENT.

30 (2) THE DEPARTMENT SHALL:

31 (I) APPROVE ALL APPLICATIONS THAT QUALIFY FOR CREDITS

1 UNDER THIS SECTION ON A FIRST-COME, FIRST-SERVED BASIS; AND

2 (II) WITHIN 30 DAYS OF RECEIPT OF AN APPLICATION, CERTIFY  
3 THE AMOUNT OF ANY APPROVED TAX CREDITS TO AN ELIGIBLE EMPLOYER.

4 (3) FOR ANY TAXABLE YEAR, THE DEPARTMENT MAY NOT ISSUE  
5 MORE THAN \$300,000 IN TAX CREDIT CERTIFICATES.

6 (E) THE DEPARTMENT SHALL ADOPT REGULATIONS TO CARRY OUT THE  
7 PROVISIONS OF THIS SECTION AND TO SPECIFY CRITERIA AND PROCEDURES FOR  
8 APPLICATION FOR AND APPROVAL OF TAX CREDIT CERTIFICATES FOR THE TAX  
9 CREDIT UNDER THIS SECTION.

10 SECTION 2. AND BE IT FURTHER ENACTED, That, on or before July 1, 2021, the  
11 Comptroller, in consultation with the Department of Labor, Licensing, and Regulation,  
12 shall report to the General Assembly, in accordance with § 2-1246 of the State Government  
13 Article, on the utilization of the income tax credit enacted under Section 1 of this Act.

14 SECTION 3. AND BE IT FURTHER ENACTED, That this Act shall take effect July  
15 1, 2018, and shall be applicable to all taxable years beginning after December 31, 2018, but  
16 before January 1, 2022. It shall remain effective for a period of 4 years and, at the end of  
17 June 30, 2022, this Act, with no further action required by the General Assembly, shall be  
18 abrogated and of no further force and effect.