

HOUSE BILL 896

Q3

9lr2022

By: **Delegates Rose, Buckel, Corderman, Hornberger, Krebs, Malone, McComas, Reilly, and Shoemaker**

Introduced and read first time: February 8, 2019

Assigned to: Ways and Means

A BILL ENTITLED

1 AN ACT concerning

2 **Income Tax Credit – Small Businesses – Student Interns and Apprentices**

3 FOR the purpose of authorizing a credit against the State income tax for certain small
4 businesses that hire high school or college interns or apprentices under certain
5 circumstances; providing that the credit may not exceed a certain amount; requiring
6 a small business to submit certain documentation to qualify for the credit; providing
7 for the carryforward of the credit; providing that certain organizations exempt from
8 taxation may receive the credit as a refund under certain circumstances; defining a
9 certain term; providing for the application of this Act; and generally relating to an
10 income tax credit for businesses that hire interns or apprentices.

11 BY adding to

12 Article – Tax – General

13 Section 10–749

14 Annotated Code of Maryland

15 (2016 Replacement Volume and 2018 Supplement)

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

18 **Article – Tax – General**

19 **10–749.**

20 **(A) IN THIS SECTION, “SMALL BUSINESS” MEANS AN INDIVIDUAL, A**
21 **PARTNERSHIP, A LIMITED PARTNERSHIP, A LIMITED LIABILITY PARTNERSHIP, A**
22 **LIMITED LIABILITY COMPANY, OR A CORPORATION THAT EMPLOYS 50 OR FEWER**
23 **FULL–TIME EMPLOYEES.**

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 **(B) A SMALL BUSINESS THAT HIRES A HIGH SCHOOL OR COLLEGE INTERN**
2 **OR APPRENTICE MAY CLAIM A CREDIT AGAINST THE STATE INCOME TAX IF THE HIGH**
3 **SCHOOL OR COLLEGE INTERN OR APPRENTICE WORKS FOR THE SMALL BUSINESS**
4 **FOR AT LEAST 20 HOURS EACH WEEK FOR AT LEAST 3 MONTHS DURING THE**
5 **TAXABLE YEAR.**

6 **(C) FOR ANY TAXABLE YEAR, THE CREDIT ALLOWED UNDER THIS SECTION**
7 **MAY NOT EXCEED THE LESSER OF:**

8 **(1) \$2,500 FOR EACH ELIGIBLE INTERN OR APPRENTICE HIRED; OR**

9 **(2) \$7,500.**

10 **(D) FOR EACH HIGH SCHOOL OR COLLEGE INTERN OR APPRENTICE FOR**
11 **WHICH A SMALL BUSINESS CLAIMS THE CREDIT ALLOWED UNDER THIS SECTION,**
12 **THE SMALL BUSINESS SHALL ATTACH TO THE SMALL BUSINESS'S INCOME TAX**
13 **RETURN OR OTHERWISE FILE WITH THE COMPTROLLER DOCUMENTATION OF:**

14 **(1) THE NAME AND AGE OF THE INTERN OR APPRENTICE;**

15 **(2) THE HIGH SCHOOL OR COLLEGE ATTENDED BY THE INTERN OR**
16 **APPRENTICE; AND**

17 **(3) THE PERIOD OF EMPLOYMENT AND WEEKLY HOURS WORKED BY**
18 **THE INTERN OR APPRENTICE DURING THE TAXABLE YEAR.**

19 **(E) (1) EXCEPT AS PROVIDED IN SUBSECTION (F) OF THIS SECTION, THE**
20 **TOTAL AMOUNT OF THE CREDIT ALLOWED UNDER THIS SECTION FOR ANY TAXABLE**
21 **YEAR MAY NOT EXCEED THE STATE INCOME TAX IMPOSED FOR THAT TAXABLE YEAR.**

22 **(2) THE UNUSED AMOUNT OF THE CREDIT FOR ANY TAXABLE YEAR**
23 **MAY NOT BE CARRIED OVER TO ANY OTHER TAXABLE YEAR.**

24 **(F) IF THE CREDIT ALLOWED UNDER THIS SECTION IN ANY TAXABLE YEAR**
25 **EXCEEDS THE SUM OF THE STATE INCOME TAX OTHERWISE PAYABLE BY AN**
26 **ORGANIZATION THAT IS EXEMPT FROM TAXATION UNDER § 501(C)(3) OR (4) OF THE**
27 **INTERNAL REVENUE CODE, THE ORGANIZATION MAY RECEIVE A REFUND OF THE**
28 **EXCESS CREDIT.**

29 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect July
30 1, 2019, and shall be applicable to all taxable years beginning after December 31, 2018.