
By: Delegates Shriver, C. Mitchell, Muse, Finifter, and Branch

Introduced and read first time: February 16, 1996

Assigned to: Ways and Means

A BILL ENTITLED

1 AN ACT concerning

2 **Higher Education/Business Partnerships Program**

3 FOR the purpose of requiring the University of Maryland System, Morgan State
4 University, and St. Mary's College, under the direction of the Governor and in
5 consultation with the Department of Business and Economic Development, to
6 develop and implement a Higher Education/Business Partnerships Program for
7 certain cooperative arrangements between businesses and the public senior higher
8 education institutions of the State; allowing a credit against the State income tax,
9 financial institution franchise tax, public service company franchise tax, and
10 insurance premiums tax for amounts paid pursuant to an agreement with a public
11 senior higher education institution of the State under the program; providing for
12 calculation of the credit; providing for refunds if the credit exceeds the total tax
13 otherwise payable for a taxable year; providing for the future codification of part of
14 this Act; providing for the termination of the credit after a certain taxable year;
15 providing for the application of this Act; and generally relating to a Higher
16 Education/Business Partnerships Program and a credit against the State income tax,
17 financial institution franchise tax, public service company franchise tax, and
18 insurance premiums tax for certain amounts paid pursuant to an agreement with a
19 public senior higher education institution under the program.

20 BY adding to

21 Article - Education
22 Section 10-212
23 Annotated Code of Maryland
24 (1992 Replacement Volume and 1995 Supplement)

25 BY adding to

26 Article - Tax - General
27 Section 8-214, 8-411, and 10-707
28 Annotated Code of Maryland
29 (1988 Volume and 1995 Supplement)

30 BY adding to

31 Article 48A - Insurance Code
32 Section 632(e)

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1 Annotated Code of Maryland
2 (1994 Replacement Volume and 1995 Supplement)

3 BY adding to

4 Article - Insurance
5 Section 6-114
6 Annotated Code of Maryland
7 (1995 Volume)
8 (As enacted by Chapter 36 of the Acts of the General Assembly of 1995)

9 Preamble

10 WHEREAS, Nationwide, public universities are increasingly diversifying beyond
11 their traditional educational role to become active catalysts for economic growth; and

12 WHEREAS, One of the key roles that a university can play in a State economic
13 development policy is to be a resource for State businesses, helping businesses to improve
14 their competitiveness, create jobs, and stimulate improvements and efficiencies in
15 business operations; and

16 WHEREAS, It is particularly important to further stimulate the links between
17 businesses in the State and the State's public universities; now, therefore,

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

20 **Article - Education**

21 10-212.

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

24 (2) "BUSINESS ENTITY" MEANS A PERSON THAT CONDUCTS OR
25 OPERATES A TRADE OR BUSINESS IN THE STATE.

26 (3) "PARTNERSHIPS PROGRAM" MEANS THE HIGHER
27 EDUCATION/BUSINESS PARTNERSHIPS PROGRAM ESTABLISHED UNDER THIS
28 SECTION.

29 (B) (1) IN ORDER TO IMPROVE THE ACCESSIBILITY OF BUSINESSES TO
30 RESOURCES OF THE PUBLIC SENIOR HIGHER EDUCATION INSTITUTIONS OF THE
31 STATE, THE UNIVERSITY OF MARYLAND SYSTEM, MORGAN STATE UNIVERSITY, AND
32 ST. MARY'S COLLEGE, UNDER THE DIRECTION OF THE GOVERNOR AND IN
33 CONSULTATION WITH THE DEPARTMENT OF BUSINESS AND ECONOMIC
34 DEVELOPMENT, SHALL DEVELOP AND IMPLEMENT A HIGHER EDUCATION/BUSINESS
35 PARTNERSHIPS PROGRAM.

36 (2) THE GOALS OF THE PARTNERSHIPS PROGRAM SHALL BE TO
37 PROVIDE OPPORTUNITIES FOR BUSINESSES TO BETTER UTILIZE RESOURCES THAT
38 THE PUBLIC SENIOR HIGHER EDUCATION INSTITUTIONS OF THE STATE HAVE TO

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1 OFFER AND TO FOSTER CONTINUING LINKS BETWEEN THE INSTITUTIONS AND THE
2 BUSINESS COMMUNITY THROUGHOUT THE STATE.

3 (C) UNDER THE PARTNERSHIPS PROGRAM, THE PUBLIC SENIOR HIGHER
4 EDUCATION INSTITUTIONS OF THE STATE SHALL ENTER INTO AGREEMENTS WITH
5 BUSINESS ENTITIES FOR COOPERATIVE ARRANGEMENTS FOR ANY ONE OR MORE
6 OF THE FOLLOWING ACTIVITIES:

7 (1) EMPLOYMENT OF A GRADUATE STUDENT IN AN ELIGIBLE
8 WORK-STUDY JOB BY A BUSINESS ENTITY IN A BUSINESS SECTOR THAT IS RELATED
9 TO THE STUDENT'S FIELD OF STUDY AND IS CONSISTENT WITH THE STRATEGIC
10 ECONOMIC DEVELOPMENT GOALS ESTABLISHED FOR THE STATE WITH SPECIFIC
11 ELIGIBILITY CRITERIA DETERMINED BY THE INSTITUTION AND THE DEPARTMENT
12 OF BUSINESS AND ECONOMIC DEVELOPMENT;

13 (2) SPONSORED RESEARCH ADMINISTERED BY THE INSTITUTION; AND

14 (3) SPONSORSHIP BY THE BUSINESS ENTITY OF BUSINESS-SPECIFIC
15 TRAINING DEVELOPED OR CONDUCTED BY THE FACULTY OF THE INSTITUTION.

16 (D) (1) EXCEPT AS PROVIDED IN SUBSECTION (E) OF THIS SECTION, A
17 BUSINESS ENTITY MAY CLAIM A TAX CREDIT IN THE AMOUNT DETERMINED UNDER
18 PARAGRAPH (2) OF THIS SUBSECTION FOR AMOUNTS PAID BY THE BUSINESS ENTITY
19 PURSUANT TO AN AGREEMENT WITH A PUBLIC SENIOR HIGHER EDUCATION
20 INSTITUTION OF THE STATE UNDER THE PARTNERSHIPS PROGRAM.

21 (2) THE AMOUNT OF THE TAX CREDIT ALLOWED UNDER PARAGRAPH
22 (1) OF THIS SUBSECTION IS:

23 (I) 20% OF UP TO THE FIRST \$10,000 PAID BY A BUSINESS ENTITY IN
24 THE FIRST YEAR OF AN AGREEMENT UNDER THE PARTNERSHIPS PROGRAM; AND

25 (II) 10% OF UP TO THE FIRST \$10,000 PAID BY A BUSINESS ENTITY IN
26 THE SECOND YEAR OF AN AGREEMENT UNDER THE PARTNERSHIPS PROGRAM.

27 (3) THE AMOUNTS PAID BY A BUSINESS ENTITY THAT ARE ELIGIBLE
28 FOR THE TAX CREDIT UNDER THIS SUBSECTION MAY INCLUDE AMOUNTS THAT
29 PURSUANT TO AN AGREEMENT WITH A PUBLIC SENIOR HIGHER EDUCATION
30 INSTITUTION UNDER THE PARTNERSHIPS PROGRAM ARE PAID:

31 (I) TO THE INSTITUTION; OR

32 (II) DIRECTLY TO A GRADUATE STUDENT OF THE INSTITUTION.

33 (4) THE SAME TAX CREDIT MAY NOT BE APPLIED MORE THAN ONCE
34 AGAINST DIFFERENT TAXES.

35 (5) IF THE CREDIT ALLOWED UNDER THIS SUBSECTION IN ANY
36 TAXABLE YEAR EXCEEDS THE TOTAL TAX OTHERWISE PAYABLE BY THE BUSINESS
37 ENTITY FOR THAT TAXABLE YEAR, THE EXCESS SHALL BE REFUNDED TO THE
38 BUSINESS ENTITY.

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1 (E) THE TAX CREDIT AUTHORIZED UNDER THIS SECTION SHALL BE
2 ALLOWED ONLY FOR TAXABLE YEARS BEGINNING ON OR BEFORE DECEMBER 31,
3 2001.

4 **Article - Tax - General**

5 8-214.

6 A FINANCIAL INSTITUTION MAY CLAIM A CREDIT AGAINST THE FINANCIAL
7 INSTITUTION FRANCHISE TAX FOR AMOUNTS PAID PURSUANT TO AN AGREEMENT
8 WITH A PUBLIC SENIOR HIGHER EDUCATION INSTITUTION OF THE STATE UNDER
9 THE HIGHER EDUCATION/BUSINESS PARTNERSHIPS PROGRAM AS PROVIDED UNDER
10 § 10-212 OF THE EDUCATION ARTICLE.

11 8-411.

12 A PUBLIC SERVICE COMPANY MAY CLAIM A CREDIT AGAINST THE PUBLIC
13 SERVICE COMPANY FRANCHISE TAX FOR AMOUNTS PAID PURSUANT TO AN
14 AGREEMENT WITH A PUBLIC SENIOR HIGHER EDUCATION INSTITUTION OF THE
15 STATE UNDER THE HIGHER EDUCATION/BUSINESS PARTNERSHIPS PROGRAM AS
16 PROVIDED UNDER § 10-212 OF THE EDUCATION ARTICLE.

17 10-707.

18 AN INDIVIDUAL OR CORPORATION MAY CLAIM A CREDIT AGAINST THE STATE
19 INCOME TAX FOR AMOUNTS PAID PURSUANT TO AN AGREEMENT WITH A PUBLIC
20 SENIOR HIGHER EDUCATION INSTITUTION OF THE STATE UNDER THE HIGHER
21 EDUCATION/BUSINESS PARTNERSHIPS PROGRAM AS PROVIDED UNDER § 10-212 OF
22 THE EDUCATION ARTICLE.

23 **Article 48A - Insurance Code**

24 632.

25 (E) AN INSURANCE COMPANY MAY CLAIM A CREDIT AGAINST THE PREMIUM
26 TAX FOR AMOUNTS PAID PURSUANT TO AN AGREEMENT WITH A PUBLIC SENIOR
27 HIGHER EDUCATION INSTITUTION OF THE STATE UNDER THE HIGHER
28 EDUCATION/BUSINESS PARTNERSHIPS PROGRAM AS PROVIDED UNDER § 10-212 OF
29 THE EDUCATION ARTICLE.

30 SECTION 2. AND BE IT FURTHER ENACTED, That the Laws of Maryland
31 read as follows:

32 **Article - Insurance**

33 6-114.

34 AN INSURANCE COMPANY MAY CLAIM A CREDIT AGAINST THE PREMIUM TAX
35 FOR AMOUNTS PAID PURSUANT TO AN AGREEMENT WITH A PUBLIC SENIOR HIGHER
36 EDUCATION INSTITUTION OF THE STATE UNDER THE HIGHER
37 EDUCATION/BUSINESS PARTNERSHIPS PROGRAM AS PROVIDED UNDER § 10-212 OF
38 THE EDUCATION ARTICLE.

1 SECTION 3. AND BE IT FURTHER ENACTED, That the Department of Fiscal
2 Services, using information from the University of Maryland System, Morgan State
3 University, St. Mary's College, the Department of Business and Economic Development,
4 and appropriate representatives of the business community throughout the State and any
5 other relevant information, shall conduct a study of the efficacy and effectiveness of the
6 Higher Education/Business Partnerships Program and the tax credit established under
7 this Act in improving the accessibility of businesses to resources of the public senior
8 higher education institutions in the State and in fostering continuing links between the
9 institutions and the business community in the State. The Department of Fiscal Services
10 shall complete and present the results of the study to the Senate Budget and Taxation
11 Committee and the House Committee on Ways and Means by December 1, 2000.

12 SECTION 4. AND BE IT FURTHER ENACTED, That Section 2 shall take effect
13 October 1, 1997.

14 SECTION 5. AND BE IT FURTHER ENACTED, That, except as provided in
15 Section 4 of this Act, this Act shall take effect July 1, 1996 and shall be applicable to all
16 taxable years beginning after December 31, 1996.