
By: Delegates Shriver, Rosapepe, C. Mitchell, Howard, Muse, Bozman, Bonsack, and McKee

Introduced and read first time: February 23, 1996

Assigned to: Ways and Means

A BILL ENTITLED

1 AN ACT concerning

2 **Tax Credit for Youth Apprenticeships and Other Structured Employer-Supervised**
3 **Learning Programs**

4 FOR the purpose of authorizing certain persons to establish certain youth apprenticeship
5 or other structured employer-supervised learning programs under which
6 work-study arrangements are made between schools and employers to provide
7 students certain structured employer-supervised learning; allowing a credit against
8 the State income tax, financial institution franchise tax, public service company
9 franchise tax, and insurance premiums tax for wages paid to a student pursuant to
10 an approved employer-supervised learning program; providing for calculation of the
11 credit; providing for refunds if the credit exceeds the total tax otherwise payable for
12 a taxable year; providing for the future codification of part of this Act; providing for
13 the termination of the credit after a certain taxable year; and generally relating to
14 the establishment of structured employer-supervised learning programs and a credit
15 against the State income tax, financial institution franchise tax, public service
16 company franchise tax, and insurance premiums tax for certain wages paid to a
17 student pursuant to an approved youth apprenticeship or other structured
18 employer-supervised learning program.

19 BY adding to

20 Article - Education
21 Section 21-501 to be under the new subtitle "Subtitle 5. Structured
22 Employer-Supervised Learning Programs"
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

2

1 Section 632(e)
2 Annotated Code of Maryland
3 (1994 Replacement Volume and 1995 Supplement)

4 BY adding to

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

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

12 **Article - Education**

13 SUBTITLE 5. STRUCTURED EMPLOYER-SUPERVISED LEARNING PROGRAMS.

14 21-501.

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

17 (2) "ELIGIBLE PARTY" MEANS:

18 (I) AN EMPLOYER;

19 (II) A GROUP OF EMPLOYERS;

20 (III) AN INDUSTRY TRADE ASSOCIATION;

21 (IV) A LABOR ORGANIZATION;

22 (V) AN OPERATOR OF A REGISTERED APPRENTICESHIP PROGRAM;

23 OR

24 (VI) ANY OTHER ENTITY THAT THE DEPARTMENT APPROVES TO
25 ESTABLISH A STRUCTURED EMPLOYER-SUPERVISED LEARNING PROGRAM UNDER
26 THIS SECTION.

27 (3) "STUDENT" MEANS AN INDIVIDUAL WHO:

28 (I) IS AT LEAST 16 YEARS OLD BUT YOUNGER THAN THE AGE OF 23
29 YEARS; AND

30 (II) IS ENROLLED IN A PUBLIC OR PRIVATE SECONDARY OR
31 POSTSECONDARY SCHOOL IN THE STATE.

32 (B) (1) AN ELIGIBLE PARTY MAY ESTABLISH A YOUTH APPRENTICESHIP OR
33 OTHER STRUCTURED EMPLOYER-SUPERVISED LEARNING PROGRAM APPROVED BY
34 THE DEPARTMENT AS PROVIDED UNDER THIS SECTION.

3

1 (2) THE PROGRAM SHALL PROVIDE FOR WORK-STUDY
2 ARRANGEMENTS BETWEEN EMPLOYERS AND SCHOOLS TO PROVIDE STUDENTS
3 STRUCTURED EMPLOYER-SUPERVISED LEARNING THAT:

4 (I) OCCURS IN THE WORKPLACE;

5 (II) INTEGRATES WITH CLASSROOM INSTRUCTION TO RESULT IN
6 THE ACQUISITION OF AT LEAST ONE UNIT OF ACADEMIC CREDIT;

7 (III) LINKS TO A STUDENT'S CAREER INTEREST;

8 (IV) REINFORCES EMPLOYABILITY SKILLS;

9 (V) EXPOSES STUDENTS TO VARIOUS ASPECTS OF THE INDUSTRY,
10 INCLUDING PLANNING, MANAGEMENT, FINANCE, TECHNICAL AND PRODUCTION
11 SKILLS, UNDERLYING PRINCIPLES OF TECHNOLOGY, LABOR AND COMMUNITY
12 ISSUES, HEALTH AND SAFETY ISSUES, AND ENVIRONMENTAL ISSUES RELATED TO
13 THE INDUSTRY; AND

14 (VI) INCLUDES WORK-BASED MENTORING.

15 (3) A STRUCTURED EMPLOYER-SUPERVISED LEARNING PROGRAM
16 SHALL BE SET FORTH IN WRITING AND SHALL SPECIFY:

17 (I) THE KNOWLEDGE AND SKILLS TO BE DEVELOPED;

18 (II) THE METHODOLOGY TO BE USED; AND

19 (III) THE CRITERIA FOR MONITORING, ASSESSING, AND
20 CREDENTIALING.

21 (C) (1) SUBJECT TO THE LIMITATION UNDER PARAGRAPH (2) OF THIS
22 SUBSECTION, AN EMPLOYER MAY CLAIM A TAX CREDIT IN AN AMOUNT EQUAL TO
23 25% OF THE WAGES PAID TO A STUDENT DURING THE TAXABLE YEAR UNDER A
24 YOUTH APPRENTICESHIP OR OTHER STRUCTURED EMPLOYER-SUPERVISED
25 LEARNING PROGRAM THAT HAS BEEN APPROVED BY THE DEPARTMENT AS
26 QUALIFYING FOR THE TAX CREDIT UNDER THIS SECTION.

27 (2) FOR ANY STUDENT, THE CUMULATIVE CREDIT ALLOWED UNDER
28 THIS SECTION TO AN EMPLOYER IN THE CURRENT TAXABLE YEAR AND ALL
29 PREVIOUS TAXABLE YEARS MAY NOT EXCEED \$2,000.

30 (3) IF THE CREDIT ALLOWED UNDER THIS SUBSECTION IN ANY
31 TAXABLE YEAR EXCEEDS THE TOTAL TAX OTHERWISE PAYABLE BY THE EMPLOYER
32 FOR THAT TAXABLE YEAR, THE EXCESS SHALL BE REFUNDED TO THE EMPLOYER.

33 (D) THE TAX CREDIT AUTHORIZED UNDER THIS SECTION SHALL BE
34 ALLOWED ONLY FOR TAXABLE YEARS BEGINNING ON OR BEFORE DECEMBER 31,
35 2001.

36 (E) (1) THE DEPARTMENT SHALL ADOPT REGULATIONS TO IMPLEMENT
37 THIS SECTION.

4

1 (2) THE REGULATIONS ADOPTED UNDER THIS SUBSECTION SHALL
2 INCLUDE A PROCESS FOR APPROVAL OF YOUTH APPRENTICESHIP OR OTHER
3 STRUCTURED EMPLOYER-SUPERVISED LEARNING PROGRAMS AS QUALIFYING FOR
4 THE TAX CREDIT UNDER THIS SECTION.

5 (3) THE DEPARTMENT MAY DELEGATE THE APPROVAL AUTHORITY
6 FOR PROGRAMS UNDER THIS SECTION TO ONE OR MORE SCHOOL-TO-CAREERS
7 LOCAL LABOR MARKET TEAMS.

8 **Article - Tax - General**

9 8-214.

10 A FINANCIAL INSTITUTION MAY CLAIM A CREDIT AGAINST THE FINANCIAL
11 INSTITUTION FRANCHISE TAX FOR WAGES PAID TO A STUDENT UNDER AN
12 APPROVED STRUCTURED EMPLOYER-SUPERVISED LEARNING PROGRAM AS
13 PROVIDED UNDER § 21-501 OF THE EDUCATION ARTICLE.

14 8-411.

15 A PUBLIC SERVICE COMPANY MAY CLAIM A CREDIT AGAINST THE PUBLIC
16 SERVICE COMPANY FRANCHISE TAX FOR WAGES PAID TO A STUDENT UNDER AN
17 APPROVED STRUCTURED EMPLOYER-SUPERVISED LEARNING PROGRAM AS
18 PROVIDED UNDER § 21-501 OF THE EDUCATION ARTICLE.

19 10-707.

20 AN INDIVIDUAL OR CORPORATION MAY CLAIM A CREDIT AGAINST THE STATE
21 INCOME TAX FOR WAGES PAID TO A STUDENT UNDER AN APPROVED STRUCTURED
22 EMPLOYER-SUPERVISED LEARNING PROGRAM AS PROVIDED UNDER § 21-501 OF
23 THE EDUCATION ARTICLE.

24 **Article 48A - Insurance Code**

25 632.

26 (E) AN INSURANCE COMPANY MAY CLAIM A CREDIT AGAINST THE PREMIUM
27 TAX FOR WAGES PAID TO A STUDENT UNDER AN APPROVED STRUCTURED
28 EMPLOYER-SUPERVISED LEARNING PROGRAM AS PROVIDED UNDER § 21-501 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 WAGES PAID TO A STUDENT UNDER AN APPROVED STRUCTURED
36 EMPLOYER-SUPERVISED LEARNING PROGRAM AS PROVIDED UNDER § 21-501 OF
37 THE EDUCATION ARTICLE.

38 SECTION 3. AND BE IT FURTHER ENACTED, That Section 2 of this Act shall
39 take effect October 1, 1997.

1 SECTION 4. AND BE IT FURTHER ENACTED, That, except as provided in
2 Section 3 of this Act, this Act shall take effect July 1, 1996 and shall be applicable to all
3 taxable years beginning after December 31, 1996.