
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

Committee Report: Favorable with amendments

House action: Adopted

Read second time: March 21, 1996

CHAPTER ____

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

2

1 Article - Tax - General
2 Section 8-214, 8-411, and 10-707
3 Annotated Code of Maryland
4 (1988 Volume and 1995 Supplement)

5 BY adding to

6 Article 48A - Insurance Code
7 Section 632(e)
8 Annotated Code of Maryland
9 (1994 Replacement Volume and 1995 Supplement)

10 BY adding to

11 Article - Insurance
12 Section 6-114
13 Annotated Code of Maryland
14 (1995 Volume)
15 (As enacted by Chapter 36 of the Acts of the General Assembly of 1995)

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

18 **Article - Education**

19 SUBTITLE 5. STRUCTURED EMPLOYER-SUPERVISED LEARNING PROGRAMS.

20 21-501.

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

23 (2) "ELIGIBLE PARTY" MEANS:

24 (I) AN EMPLOYER;

25 (II) A GROUP OF EMPLOYERS;

26 (III) AN INDUSTRY TRADE ASSOCIATION;

27 (IV) A LABOR ORGANIZATION;

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

29 OR

30 (VI) ANY OTHER ENTITY THAT THE DEPARTMENT APPROVES TO
31 ESTABLISH A STRUCTURED EMPLOYER-SUPERVISED LEARNING PROGRAM UNDER
32 THIS SECTION.

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

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

3

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

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

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

9 (I) OCCURS IN THE WORKPLACE;

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

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

13 (IV) REINFORCES EMPLOYABILITY SKILLS;

14 (V) EXPOSES STUDENTS TO VARIOUS ASPECTS OF THE INDUSTRY,
15 INCLUDING PLANNING, MANAGEMENT, FINANCE, TECHNICAL AND PRODUCTION
16 SKILLS, UNDERLYING PRINCIPLES OF TECHNOLOGY, LABOR AND COMMUNITY
17 ISSUES, HEALTH AND SAFETY ISSUES, AND ENVIRONMENTAL ISSUES RELATED TO
18 THE INDUSTRY; ~~AND~~

19 (VI) INCLUDES WORK-BASED MENTORING;

20 (VII) IS CONSISTENT WITH THE STRATEGIC ECONOMIC
21 DEVELOPMENT GOALS ESTABLISHED FOR THE STATE; AND

22 (VIII) IS APPROVED BY APPROPRIATE SCHOOL PERSONNEL.

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

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

26 (II) THE METHODOLOGY TO BE USED; AND

27 (III) THE CRITERIA FOR MONITORING, ASSESSING, AND
28 CREDENTIALING.

29 (C) (1) SUBJECT TO THE LIMITATION UNDER PARAGRAPH (2) OF THIS
30 SUBSECTION, AN EMPLOYER MAY CLAIM A TAX CREDIT IN AN AMOUNT EQUAL TO
31 25% OF THE WAGES PAID TO A STUDENT DURING THE TAXABLE YEAR UNDER A
32 YOUTH APPRENTICESHIP OR OTHER STRUCTURED EMPLOYER-SUPERVISED
33 LEARNING PROGRAM THAT HAS BEEN APPROVED BY THE DEPARTMENT AS
34 QUALIFYING FOR THE TAX CREDIT UNDER THIS SECTION.

35 (2) FOR ANY STUDENT WHO HAS BEEN A NEW EMPLOYEE AT LEAST 6
36 MONTHS, THE CUMULATIVE CREDIT ALLOWED UNDER THIS SECTION TO AN
37 EMPLOYER IN THE CURRENT TAXABLE YEAR AND ALL PREVIOUS TAXABLE YEARS
38 MAY NOT EXCEED \$2,000.

4

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

4 (D) THE TAX CREDIT AUTHORIZED UNDER THIS SECTION SHALL BE
5 ALLOWED ONLY FOR TAXABLE YEARS BEGINNING ON OR BEFORE DECEMBER 31,
6 2001.

7 (E) (1) THE DEPARTMENT SHALL ADOPT REGULATIONS TO IMPLEMENT
8 THIS SECTION.

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

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

16 **Article - Tax - General**

17 8-214.

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

22 8-411.

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

27 10-707.

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

32 **Article 48A - Insurance Code**

33 632.

34 (E) AN INSURANCE COMPANY MAY CLAIM A CREDIT AGAINST THE PREMIUM
35 TAX 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 2. AND BE IT FURTHER ENACTED, That the Laws of Maryland
39 read as follows:

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1 **Article - Insurance**

2 6-114.

3 AN INSURANCE COMPANY MAY CLAIM A CREDIT AGAINST THE PREMIUM TAX
4 FOR WAGES PAID TO A STUDENT UNDER AN APPROVED STRUCTURED
5 EMPLOYER-SUPERVISED LEARNING PROGRAM AS PROVIDED UNDER § 21-501 OF
6 THE EDUCATION ARTICLE.

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

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