
By: Senators Colburn and Stoltzfus

Introduced and read first time: February 1, 1996

Assigned to: Budget and Taxation

A BILL ENTITLED

1 AN ACT concerning

2 **Tax Credit - Businesses - Teaching the English Language to Non-English Speaking**
3 **Employees**

4 FOR the purpose of allowing a credit against the State income tax, financial institution
5 franchise tax, public service company franchise tax, and insurance premiums tax for
6 businesses that incur certain training expenses for teaching the English language to
7 non-English speaking employees; limiting the tax credit to a certain amount;
8 defining certain terms; providing for the future codification of certain provisions of
9 this Act; and generally relating to a credit against the State income tax, financial
10 institution franchise tax, public service company franchise tax, and insurance
11 premiums tax for training expenses incurred in teaching English to non-English
12 speaking employees.

13 BY adding to

14 Article - Labor and Employment
15 Section 11-601 to be under the new subtitle "Subtitle 6. Tax Credit for Businesses
16 That Teach English to Employees"
17 Annotated Code of Maryland
18 (1991 Volume and 1995 Supplement)

19 BY adding to

20 Article - Tax - General
21 Section 8-214, 8-411, and 10-704.4
22 Annotated Code of Maryland
23 (1988 Volume and 1995 Supplement)

24 BY adding to

25 Article 48A - Insurance Code
26 Section 632(e)
27 Annotated Code of Maryland
28 (1994 Replacement Volume and 1995 Supplement)

29 BY adding to

30 Article - Insurance
31 Section 6-114

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1 Annotated Code of Maryland
2 (1995 Volume)
3 (As enacted by Chapters 36 and 352 of the Acts of the General Assembly of 1995)

4 Preamble

5 WHEREAS, Historically, diverse ethnic and linguistic communities have
6 contributed to the social and economic prosperity of Maryland; and

7 WHEREAS, It is the welcomed responsibility and opportunity of Maryland
8 government to respect and facilitate the efforts of all cultural, ethnic, and linguistic
9 segments of the population to become full participants in Maryland's communities; and

10 WHEREAS, Maryland's economic well-being depends on foreign and
11 international exchange and many jobs are directly linked to foreign trade and
12 international exchange; and

13 WHEREAS, If Maryland is to prosper in foreign trade and international
14 exchange, it must have citizens who are multilingual; and

15 WHEREAS, At the same time, English is and will remain the primary language of
16 the United States, and all in our society recognize the importance of English to national
17 life, individual accomplishments, and personal enrichment; and

18 WHEREAS, The ability to communicate in English and other languages has
19 promoted and can enhance American economic, political, and cultural vitality; and

20 WHEREAS, While recognizing the value of multilingual backgrounds, the
21 General Assembly also realizes the importance of all its citizens becoming proficient in
22 English in order to facilitate full participation of all individuals in society; and

23 WHEREAS, It is the intent of the General Assembly by enactment of this
24 legislation to encourage businesses to educate non-English speaking employees in the
25 English language; now, therefore,

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

28 **Article - Labor and Employment**

29 SUBTITLE 6. TAX CREDIT FOR BUSINESSES THAT TEACH ENGLISH TO EMPLOYEES.

30 11-601.

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

33 (2) "BUSINESS ENTITY" MEANS A PERSON CONDUCTING A TRADE OR
34 BUSINESS IN THE STATE.

35 (3) (I) "QUALIFIED ENGLISH LANGUAGE TRAINING EXPENSE" MEANS
36 AMOUNTS INCURRED BY A BUSINESS ENTITY FOR TRAINING IN ENGLISH LANGUAGE
37 LITERACY TO INDIVIDUALS WITH LIMITED ENGLISH PROFICIENCY .

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1 (II) "QUALIFIED ENGLISH LANGUAGE TRAINING EXPENSE"
2 INCLUDES:

3 1. BOOKS AND SUPPLIES;

4 2. WAGES PAID OR INCURRED BY A BUSINESS ENTITY TO A
5 PERSON FOR PROVIDING LANGUAGE TRAINING TO EMPLOYEES OF THE BUSINESS;
6 AND

7 3. WAGES PAID TO AN EMPLOYEE RECEIVING LANGUAGE
8 TRAINING TO THE EXTENT ALLOCABLE TO THE TIME WHEN THE EMPLOYEE IS
9 RECEIVING TRAINING.

10 (B) (1) A QUALIFIED BUSINESS ENTITY MAY CLAIM A TAX CREDIT IN THE
11 AMOUNTS DETERMINED UNDER SUBSECTION (C) OF THIS SECTION FOR THE
12 QUALIFIED ENGLISH LANGUAGE TRAINING EXPENSES THAT ARE PAID IN THE
13 TAXABLE YEAR FOR WHICH THE BUSINESS ENTITY CLAIMS A CREDIT.

14 (2) THE SAME TAX CREDIT MAY NOT BE APPLIED MORE THAN ONCE
15 AGAINST DIFFERENT TAXES BY THE SAME TAXPAYER.

16 (C) (1) SUBJECT TO PARAGRAPH (2) OF THIS SUBSECTION, FOR EACH
17 TAXABLE YEAR, A CREDIT IS ALLOWED IN AN AMOUNT EQUAL TO 50% OF THE
18 QUALIFIED ENGLISH LANGUAGE TRAINING EXPENSES PAID.

19 (2) THE MAXIMUM ALLOWABLE CREDIT FOR A TAXPAYER IS \$10,000
20 FOR ANY TAXABLE YEAR.

21 (D) IF THE CREDIT ALLOWED UNDER THIS SECTION IN ANY TAXABLE YEAR
22 EXCEEDS THE TOTAL TAX OTHERWISE PAYABLE BY THE BUSINESS ENTITY FOR
23 THAT TAXABLE YEAR, A BUSINESS ENTITY MAY APPLY THE EXCESS AS A CREDIT
24 FOR SUCCEEDING YEARS UNTIL THE EARLIER OF:

25 (1) THE FULL AMOUNT OF THE EXCESS IS USED; OR

26 (2) THE EXPIRATION OF THE 10TH TAXABLE YEAR AFTER THE YEAR
27 DURING WHICH THE QUALIFIED ENGLISH LANGUAGE TRAINING EXPENSES ARE
28 PAID.

29 **Article - Tax - General**

30 8-214.

31 A FINANCIAL INSTITUTION MAY CLAIM A CREDIT AGAINST THE FINANCIAL
32 INSTITUTION FRANCHISE TAX FOR TRAINING EXPENSES PAID FOR TEACHING
33 ENGLISH TO EMPLOYEES AS PROVIDED UNDER § 11-601 OF THE LABOR AND
34 EMPLOYMENT ARTICLE.

35 8-411.

36 A PUBLIC SERVICE COMPANY MAY CLAIM A CREDIT AGAINST THE PUBLIC
37 SERVICE COMPANY FRANCHISE TAX FOR TRAINING EXPENSES PAID FOR TEACHING
38 ENGLISH TO EMPLOYEES AS PROVIDED UNDER § 11-601 OF THE LABOR AND
39 EMPLOYMENT ARTICLE.

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1 10-704.4.

2 AN INDIVIDUAL OR CORPORATION MAY CLAIM A CREDIT AGAINST THE STATE
3 INCOME TAX FOR TRAINING EXPENSES PAID FOR TEACHING ENGLISH TO
4 EMPLOYEES AS PROVIDED UNDER § 11-601 OF THE LABOR AND EMPLOYMENT
5 ARTICLE.

6 **Article 48A - Insurance Code**

7 632.

8 (E) AN INSURANCE COMPANY MAY CLAIM A CREDIT AGAINST THE PREMIUM
9 TAX FOR TRAINING EXPENSES INCURRED FOR TEACHING ENGLISH TO EMPLOYEES
10 AS PROVIDED UNDER § 11-601 OF THE LABOR AND EMPLOYMENT ARTICLE.

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

13 **Article - Insurance**

14 6-114.

15 AN INSURANCE COMPANY MAY CLAIM A CREDIT AGAINST THE PREMIUM TAX
16 FOR TRAINING EXPENSES INCURRED FOR TEACHING ENGLISH TO EMPLOYEES AS
17 PROVIDED UNDER § 11-601 OF THE LABOR AND EMPLOYMENT ARTICLE.

18 SECTION 3. AND BE IT FURTHER ENACTED, That Section 1 of this Act shall
19 take effect July 1, 1996.

20 SECTION 4. AND BE IT FURTHER ENACTED, That Section 2 of this Act shall
21 take effect October 1, 1997.