
**By: Delegates Benson, Boston, Nathan-Pulliam, Bobo, Clagett, Marriott, B. Hughes,
Montague, Healey, Parker, E. Burns, and Grosfeld**

Introduced and read first time: February 7, 1997

Assigned to: Appropriations

A BILL ENTITLED

1 AN ACT concerning

2 **Family Investment Program - Qualified Employment Opportunity Employees - Newly**
3 **Created Jobs**

4 FOR the purpose of requiring certain business entities that propose to hire recipients of
5 Family Investment Program benefits to make a certain certification to certain
6 persons related to the positions for which the business entity wants to hire FIP
7 recipients; requiring the Secretary of Human Resources to provide certain
8 assistance to the local departments of social services related to the identification of
9 jobs for FIP recipients; prohibiting business entities from claiming certain tax
10 credits related to the hiring of FIP recipients under certain circumstances; requiring
11 the Department of Labor, Licensing, and Regulation to monitor business entities to
12 ensure compliance with certain provisions of this Act; authorizing the Department
13 of Labor, Licensing, and Regulation to impose certain penalties; requiring the
14 Department of Labor, Licensing, and Regulation to adopt certain regulations; and
15 generally relating to requirements of business entities that propose to hire or hire
16 Family Investment Program recipients.

17 BY repealing and reenacting, with amendments,
18 Article 88A - Department of Human Resources
19 Section 46 and 54(e)
20 Annotated Code of Maryland
21 (1995 Replacement Volume and 1996 Supplement)

22 BY adding to
23 Article 88A - Department of Human Resources
24 Section 55
25 Annotated Code of Maryland
26 (1995 Replacement Volume and 1996 Supplement)

27 Preamble

28 WHEREAS, Welfare reform aims to reduce or eliminate dependence on
29 government social services benefits by requiring gainful employment; and

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1 WHEREAS, This employment requirement can only succeed if there are a
2 sufficient number of jobs available or new jobs created and workfare clients earn a "living
3 wage"; and

4 WHEREAS, Creating a new work force could displace existing workers or
5 undermine their present pay, benefit, and workplace protection levels; and

6 WHEREAS, The State of Maryland now has greater flexibility in its delivery of
7 welfare benefits and programs; now, therefore,

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

10 **Article 88A - Department of Human Resources**

11 46.

12 (A) The Secretary shall:

13 (1) Establish and implement an FIP program that meets the requirements of
14 this subtitle and of federal law;

15 (2) Supervise the administration of the FIP program under this subtitle by
16 local departments;

17 (3) Cooperate with the federal government in matters of mutual concern
18 pertaining to federal funding for the FIP program; and

19 (4) Adopt regulations necessary or desirable to carry out the provisions of
20 this subtitle.

21 (B) AS PART OF THE SECRETARY'S RESPONSIBILITIES UNDER SUBSECTION (A)
22 OF THIS SECTION AND IN SUPPORT OF THE FIP'S GOAL OF ASSISTING FIP RECIPIENTS
23 TO FIND EMPLOYMENT LEADING TO ECONOMIC SELF-SUFFICIENCY, THE
24 SECRETARY SHALL ASSIST THE LOCAL DEPARTMENTS IN IDENTIFYING EMPLOYERS
25 WITH JOBS AND MATCHING FIP RECIPIENTS TO JOBS THAT:

26 (1) ARE NEWLY CREATED POSITIONS; AND

27 (2) PAY THE GREATER OF:

28 (I) THE PREVAILING WAGE PAID FOR SIMILAR JOBS;

29 (II) WAGES THAT ARE EQUAL TO WAGES AND BENEFITS PAID TO
30 EMPLOYEES IN EQUAL POSITIONS; OR

31 (III) WAGES SUFFICIENT TO SUPPORT A FAMILY OF FOUR ABOVE
32 THE OFFICIAL POVERTY LEVEL.

33 54.

34 (e) (1) A business entity may not claim the credit under this section for an
35 employee:

3

1 (i) Who is hired to replace a laid-off employee or to replace an
2 employee who is on strike; [or]

3 (ii) For whom the business entity simultaneously receives federal or
4 State employment training benefits; OR

5 (III) WHEN THE HIRING OF THE EMPLOYEE:

6 1. IS COMBINED WITH THE DISPLACEMENT OF A CURRENT
7 EMPLOYEE OR POSITION, INCLUDING PARTIAL DISPLACEMENT SUCH AS A
8 REDUCTION IN THE HOURS OF NONOVERTIME WORK, WAGES, OR EMPLOYMENT
9 BENEFITS; OR

10 2. RESULTS IN THE IMPAIRMENT OF EXISTING CONTRACTS
11 FOR SERVICES OR COLLECTIVE BARGAINING AGREEMENTS; OR

12 (IV) WHO IS HIRED:

13 1. TO FILL A POSITION THAT IS THE SAME OR EQUIVALENT
14 TO THE POSITION OF A LAID-OFF EMPLOYEE; OR

15 2. TO FILL A POSITION THAT WAS CREATED THROUGH THE
16 TERMINATION OF A CURRENT EMPLOYEE OR OTHER REDUCTION IN THE
17 EMPLOYER'S WORKFORCE FOR THE PURPOSE OF CREATING A VACANCY TO BE
18 FILLED BY A QUALIFIED EMPLOYMENT OPPORTUNITY EMPLOYEE.

19 (2) A business entity may not claim the credit under this section until it has
20 notified the appropriate government agency that the qualified employment opportunity
21 employee has been hired AND THE POSITION FOR WHICH THE QUALIFIED
22 EMPLOYMENT OPPORTUNITY EMPLOYEE WAS HIRED WAS A NEWLY CREATED
23 POSITION.

24 (3) A business entity may claim a credit in the amount provided in
25 paragraph (4) of this subsection for an employee whose employment lasts less than 1 year
26 if the employee:

27 (i) Voluntarily terminates employment with the employer;

28 (ii) Is unable to continue employment due to death or a disability; or

29 (iii) Is terminated for cause.

30 (4) (i) If a business entity is entitled to a tax credit for an employee who
31 is employed for less than 1 year because the employee voluntarily terminates employment
32 with the employer to take another job, the business entity may claim a tax credit of 30%
33 of up to the first \$6,000 of the wages paid to the employee during the course of
34 employment.

35 (ii) If a business entity is entitled to a tax credit for an employee who
36 is employed for less than 1 year for a reason other than that described in subparagraph (i)
37 of this paragraph, the amount of the credit shall be reduced by the proportion of a year
38 that the employee did not work.

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1 55.

2 (A) (1) IN THIS SECTION THE FOLLOWING WORDS HAVE THE MEANINGS
3 INDICATED.

4 (2) "BUSINESS ENTITY" MEANS:

5 (I) A PERSON CONDUCTING OR OPERATING A TRADE OR
6 BUSINESS IN MARYLAND; OR

7 (II) AN ORGANIZATION OPERATING IN MARYLAND THAT IS
8 EXEMPT FROM TAXATION UNDER § 501(C)(3) OR (4) OF THE INTERNAL REVENUE
9 CODE.

10 (3) (I) "QUALIFIED EMPLOYMENT OPPORTUNITY EMPLOYEE" MEANS
11 AN INDIVIDUAL WHO IS A RESIDENT OF MARYLAND AND WHO FOR 3 MONTHS
12 BEFORE THE INDIVIDUAL'S EMPLOYMENT WITH A BUSINESS ENTITY WAS A
13 RECIPIENT OF TEMPORARY CASH ASSISTANCE FROM THE STATE UNDER THE AID TO
14 FAMILIES WITH DEPENDENT CHILDREN PROGRAM OR THE FAMILY INVESTMENT
15 PROGRAM AND WHO FOR 6 MONTHS BEFORE THE INDIVIDUAL'S EMPLOYMENT
16 WITH A BUSINESS ENTITY WAS A MARYLAND RESIDENT.

17 (II) "QUALIFIED EMPLOYMENT OPPORTUNITY EMPLOYEE" DOES
18 NOT INCLUDE AN INDIVIDUAL WHO IS THE SPOUSE OF, OR HAS ANY OF THE
19 RELATIONSHIPS SPECIFIED IN § 152(A)(1) THROUGH (8) OF THE INTERNAL REVENUE
20 CODE TO, A PERSON WHO CONTROLS, DIRECTLY OR INDIRECTLY, MORE THAN 50%
21 OF THE OWNERSHIP OF THE BUSINESS ENTITY.

22 (4) "WAGES" MEANS WAGES, WITHIN THE MEANING OF § 51(C)(1), (2),
23 AND (3) OF THE INTERNAL REVENUE CODE WITHOUT REGARD TO § 51(C)(4) OF THE
24 INTERNAL REVENUE CODE, THAT ARE PAID BY A BUSINESS ENTITY TO AN
25 EMPLOYEE FOR SERVICES PERFORMED IN A TRADE OR BUSINESS OF THE
26 EMPLOYER.

27 (B) BEFORE HIRING QUALIFIED BUSINESS OPPORTUNITY EMPLOYEES OR FIP
28 RECIPIENTS PARTICIPATING IN A WORK ACTIVITY, A BUSINESS ENTITY SHALL
29 CERTIFY TO THE DEPARTMENT OF LABOR, LICENSING, AND REGULATION BY MAIL,
30 OR ANY OTHER MEANS APPROVED BY THE DEPARTMENT OF LABOR, LICENSING,
31 AND REGULATION, THAT:

32 (1) THE POSITIONS FOR WHICH QUALIFIED BUSINESS OPPORTUNITY
33 EMPLOYEES OR FIP RECIPIENTS WILL BE HIRED ARE NEWLY CREATED POSITIONS;
34 AND

35 (2) THE EMPLOYEE OR FIP RECIPIENT WILL RECEIVE THE GREATER OF:

36 (I) THE PREVAILING WAGE BEING PAID FOR SIMILAR POSITIONS;

37 (II) WAGES THAT ARE EQUAL TO WAGES AND BENEFITS PAID TO
38 EMPLOYEES IN EQUAL POSITIONS; OR

39 (III) WAGES IN AN AMOUNT SUFFICIENT TO SUPPORT A FAMILY OF
40 FOUR ABOVE THE OFFICIAL POVERTY LEVEL.

5

1 (C) THE DEPARTMENT OF LABOR, LICENSING, AND REGULATION SHALL
2 MONITOR BUSINESS ENTITIES TO ASSURE COMPLIANCE WITH SUBSECTION (B) OF
3 THIS SECTION.

4 (D) IF THE DEPARTMENT OF LABOR, LICENSING, AND REGULATION
5 DETERMINES THAT A BUSINESS ENTITY IS NOT IN COMPLIANCE WITH SUBSECTION
6 (B) OF THIS SECTION, THE DEPARTMENT OF LABOR, LICENSING, AND REGULATION
7 MAY IMPOSE A CIVIL PENALTY ON THE BUSINESS ENTITY.

8 (E) THE DEPARTMENT OF LABOR, LICENSING, AND REGULATION SHALL
9 ADOPT BY REGULATION THE APPROPRIATE CIVIL PENALTIES THAT MAY BE
10 IMPOSED ON A BUSINESS ENTITY FOR NONCOMPLIANCE WITH SUBSECTION (B) OF
11 THIS SECTION.

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