
By: Delegates Shriver, Heller, Hixson, and Rosapepe

Introduced and read first time: February 10, 1997

Assigned to: Ways and Means

A BILL ENTITLED

1 AN ACT concerning

2 Tax Credit for Approved Paid Work-Based Learning Programs for Students

3 FOR the purpose of authorizing certain persons to establish certain approved paid
4 work-based learning programs under which arrangements are made between
5 schools and employers to provide students certain structured employer-supervised
6 learning; allowing a credit against the State income tax, financial institution
7 franchise tax, public service company franchise tax, and insurance premiums tax for
8 wages paid to each student under an approved paid work-based learning program;
9 providing for calculation of the credit; providing for the carrying forward of the
10 credit if the credit exceeds the total tax otherwise payable for a taxable year;
11 providing for the termination of the credit after a certain taxable year; requiring a
12 certain study be done and provided to certain committees of the General Assembly
13 on or before a certain date; and generally relating to the establishment of approved
14 paid work-based learning programs and a credit against the State income tax,
15 financial institution franchise tax, public service company franchise tax, and
16 insurance premiums tax for certain wages paid to each student pursuant to an
17 approved paid work-based learning program.

18 BY adding to

19 Article - Education
20 Section 21-501 to be under the new subtitle "Subtitle 5. Approved Paid
21 Work-Based Learning Programs"
22 Annotated Code of Maryland
23 (1997 Replacement Volume)

24 BY adding to

25 Article - Tax - General
26 Section 8-216, 8-413, and 10-708
27 Annotated Code of Maryland
28 (1988 Volume and 1996 Supplement)

29 BY adding to

30 Article - Insurance
31 Section 6-115
32 Annotated Code of Maryland

2

1 (1995 Volume and 1996 Supplement)
2 (As enacted by Chapter 36 of the Acts of the General Assembly of 1995)

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

5 **Article - Education**

6 SUBTITLE 5. APPROVED PAID WORK-BASED LEARNING PROGRAMS.

7 21-501.

8 (A) (1) IN THIS SECTION THE FOLLOWING WORDS HAVE THE MEANINGS
9 INDICATED.

10 (2) "ELIGIBLE PARTY" MEANS:

11 (I) AN EMPLOYER;

12 (II) A GROUP OF EMPLOYERS;

13 (III) AN INDUSTRY TRADE ASSOCIATION;

14 (IV) A LABOR ORGANIZATION;

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

16 OR

17 (VI) ANY OTHER ENTITY THAT THE DEPARTMENT APPROVES TO
18 ESTABLISH A PAID WORK-BASED LEARNING PROGRAM UNDER THIS SECTION.

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

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

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

24 (4) "MULTICRAFT CONSTRUCTION SITE" MEANS A CONSTRUCTION SITE
25 WHERE MORE THAN ONE CONSTRUCTION TRADE OPERATION IS TAKING PLACE AT
26 THE SAME TIME.

27 (B) (1) SUBJECT TO THE LIMITATION IN PARAGRAPH (2) OF THIS
28 SUBSECTION, AN ELIGIBLE PARTY MAY ESTABLISH A PAID WORK-BASED LEARNING
29 PROGRAM FOR STUDENTS THAT IS CONSISTENT WITH CURRENT STATE AND
30 FEDERAL EMPLOYMENT OF MINORS LAWS AND APPROVED BY THE DEPARTMENT AS
31 PROVIDED UNDER THIS SECTION.

32 (2) THE DEPARTMENT MAY NOT APPROVE A PAID WORK-BASED
33 LEARNING PROGRAM FOR STUDENTS THAT INCLUDES A MULTICRAFT
34 CONSTRUCTION SITE.

3

1 (3) A WORK-BASED LEARNING PROGRAM SHALL PROVIDE FOR
2 APPROVED PAID WORK-BASED LEARNING ARRANGEMENTS BETWEEN EMPLOYERS
3 AND SCHOOLS TO PROVIDE STUDENTS WITH STRUCTURED EMPLOYER-SUPERVISED
4 LEARNING THAT:

5 (I) OCCURS IN THE WORKPLACE;

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

8 (III) LINKS TO EACH STUDENT'S CAREER INTEREST.

9 (4) AN APPROVED PAID WORK-BASED LEARNING PROGRAM FOR
10 STUDENTS SHALL BE SET FORTH IN WRITING AND SHALL INCLUDE:

11 (I) A DESCRIPTION OF THE KNOWLEDGE AND SKILLS TO BE
12 DEVELOPED;

13 (II) A DESCRIPTION OF THE METHODOLOGY TO BE USED;

14 (III) A DESCRIPTION OF THE CRITERIA FOR MONITORING,
15 ASSESSING, AND CREDENTIALING; AND

16 (IV) EVIDENCE OF APPROVAL BY APPROPRIATE SCHOOL
17 PERSONNEL.

18 (5) THE PROGRAM SHALL PROVIDE APPROVED PAID WORK-BASED
19 LEARNING EXPERIENCES FOR STUDENTS THAT ARE CONSISTENT WITH THE
20 STRATEGIC ECONOMIC DEVELOPMENT GOALS ESTABLISHED FOR THE STATE.

21 (C) (1) IN ORDER FOR AN EMPLOYER TO BE ELIGIBLE TO CLAIM A TAX
22 CREDIT, EACH STUDENT MUST BE EMPLOYED BY THE EMPLOYER FOR 200 HOURS OR
23 MORE.

24 (2) AN EMPLOYER MAY CLAIM A TAX CREDIT IN AN AMOUNT EQUAL TO
25 15% OF THE WAGES PAID TO EACH STUDENT DURING THE TAXABLE YEAR UNDER A
26 WORK-BASED LEARNING PROGRAM THAT HAS BEEN APPROVED BY THE
27 DEPARTMENT AS QUALIFYING FOR THE TAX CREDIT UNDER THIS SECTION.

28 (3) THE CUMULATIVE CREDIT ALLOWED UNDER THIS SECTION TO AN
29 EMPLOYER IN THE CURRENT TAXABLE YEAR AND ALL PREVIOUS TAXABLE YEARS
30 MAY NOT EXCEED \$1,500 PER STUDENT.

31 (4) IF THE CREDIT ALLOWED UNDER THIS SUBSECTION IN ANY
32 TAXABLE YEAR EXCEEDS THE TOTAL TAX OTHERWISE PAYABLE BY THE EMPLOYER
33 FOR THAT TAXABLE YEAR, THE EXCESS MAY BE CARRIED FORWARD AND APPLIED
34 AS A CREDIT FOR SUCCEEDING TAXABLE YEARS UNTIL THE EARLIER OF:

35 (I) THE FULL AMOUNT OF EXCESS IS USED; OR

36 (II) THE EXPIRATION OF THE 5TH TAXABLE YEAR IN WHICH THE
37 CONTRIBUTION WAS MADE.

4

1 (D) THE TAX CREDIT AUTHORIZED UNDER THIS SECTION SHALL BE
2 ALLOWED ONLY FOR TAXABLE YEARS BEGINNING ON OR BEFORE DECEMBER 31,
3 2002.

4 (E) (1) THE DEPARTMENT SHALL ADOPT REGULATIONS TO IMPLEMENT
5 THIS SECTION.

6 (2) THE REGULATIONS ADOPTED UNDER THIS SUBSECTION SHALL
7 INCLUDE A PROCESS FOR APPROVAL OF PAID WORK-BASED LEARNING PROGRAMS
8 AS QUALIFYING FOR THE TAX CREDIT UNDER THIS SECTION.

9 (3) THE REGULATIONS ADOPTED UNDER THIS SUBSECTION SHALL
10 INCLUDE A PROCESS FOR CERTIFYING EMPLOYERS' ELIGIBILITY FOR THE TAX
11 CREDIT UNDER THIS SECTION.

12 (4) THE DEPARTMENT MAY DELEGATE THE APPROVAL AUTHORITY
13 FOR PROGRAMS UNDER THIS SECTION TO ONE OR MORE PRIVATE INDUSTRY
14 COUNCILS.

15 **Article - Tax - General**

16 8-216.

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

21 8-413.

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

26 10-708.

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

31 **Article - Insurance**

32 6-115.

33 AN INSURANCE COMPANY MAY CLAIM A CREDIT AGAINST THE PREMIUM TAX
34 FOR WAGES PAID TO EACH STUDENT UNDER AN APPROVED PAID WORK-BASED
35 LEARNING PROGRAM AS PROVIDED UNDER § 21-501 OF THE EDUCATION ARTICLE.

36 SECTION 2. AND BE IT FURTHER ENACTED, That the State Department of
37 Education shall evaluate the effectiveness of the tax credit provided under this Act. The
38 Department shall include in this study the number of businesses qualifying for the tax
39 credits and the amount of credits granted. The Department shall report its findings to the

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1 Senate Budget and Taxation Committee and the House Committee on Ways and Means
2 on or before November 1, 2001.

3 SECTION 3. AND BE IT FURTHER ENACTED, That this Act shall take effect
4 October 1, 1997 and shall be applicable to all taxable years beginning after December 31,
5 1997.