
By: Delegates Shriver, Heller, Hixson, and Rosapepe

Introduced and read first time: February 10, 1997

Assigned to: Ways and Means

Committee Report: Favorable with amendments

House action: Adopted

Read second time: March 28, 1997

CHAPTER ____

1 AN ACT concerning

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

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; providing for the abrogation of this Act; and generally
14 relating to the establishment of approved paid work-based learning programs and a
15 credit against the State income tax, financial institution franchise tax, public service
16 company franchise tax, and insurance premiums tax for certain wages paid to each
17 student pursuant to an 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

2

1 Annotated Code of Maryland
2 (1988 Volume and 1996 Supplement)

3 BY adding to

4 Article - Insurance
5 Section 6-115
6 Annotated Code of Maryland
7 (1995 Volume and 1996 Supplement)
8 (As enacted by Chapter 36 of the Acts of the General Assembly of 1995)

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

11 **Article - Education**

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

13 21-501.

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

16 (2) "ELIGIBLE PARTY" MEANS:

17 (I) AN EMPLOYER;

18 (II) A GROUP OF EMPLOYERS;

19 (III) AN INDUSTRY TRADE ASSOCIATION;

20 (IV) A LABOR ORGANIZATION;

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

22 OR

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

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

26 (I) 1. IS AT LEAST 16 YEARS OLD BUT YOUNGER THAN THE AGE
27 OF 23 YEARS; OR

28 2. REACHES THE AGE OF 23 YEARS WHILE PARTICIPATING
29 IN AN APPROVED PAID WORK-BASED LEARNING PROGRAM UNDER THIS SECTION;
30 AND

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

33 (4) "MULTICRAFT CONSTRUCTION SITE" MEANS A CONSTRUCTION SITE
34 WHERE MORE THAN ONE CONSTRUCTION TRADE OPERATION IS TAKING PLACE AT
35 THE SAME TIME.

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

6 (2) THE DEPARTMENT MAY NOT APPROVE A PAID WORK-BASED
7 LEARNING PROGRAM FOR STUDENTS THAT INCLUDES A MULTICRAFT
8 CONSTRUCTION SITE.

9 (3) A WORK-BASED LEARNING PROGRAM SHALL PROVIDE FOR
10 APPROVED PAID WORK-BASED LEARNING ARRANGEMENTS BETWEEN EMPLOYERS
11 AND SCHOOLS TO PROVIDE STUDENTS WITH STRUCTURED EMPLOYER-SUPERVISED
12 LEARNING THAT:

13 (I) OCCURS IN THE WORKPLACE;

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

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

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

19 (I) A DESCRIPTION OF THE KNOWLEDGE AND SKILLS TO BE
20 DEVELOPED;

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

22 (III) A DESCRIPTION OF THE CRITERIA FOR MONITORING,
23 ASSESSING, AND CREDENTIALING; AND

24 (IV) EVIDENCE OF APPROVAL BY APPROPRIATE SCHOOL
25 PERSONNEL.

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

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

32 (2) AN EMPLOYER MAY CLAIM A TAX CREDIT IN AN AMOUNT EQUAL TO
33 15% OF THE WAGES PAID TO EACH STUDENT DURING THE TAXABLE YEAR UNDER A
34 WORK-BASED LEARNING PROGRAM THAT HAS BEEN APPROVED BY THE
35 DEPARTMENT AS QUALIFYING FOR THE TAX CREDIT UNDER THIS SECTION.

36 (3) 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 \$1,500 PER STUDENT.

4

1 (4) 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 MAY BE CARRIED FORWARD AND APPLIED
4 AS A CREDIT FOR SUCCEEDING TAXABLE YEARS UNTIL THE EARLIER OF:

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

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

8 (D) THE TAX CREDIT AUTHORIZED UNDER THIS SECTION SHALL BE
9 ALLOWED ONLY FOR TAXABLE YEARS BEGINNING ON OR BEFORE DECEMBER 31,
10 ~~2002~~ 1999.

11 (E) (1) THE DEPARTMENT SHALL ADOPT REGULATIONS TO IMPLEMENT
12 THIS SECTION.

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

16 (II) THE NUMBER OF ELIGIBLE PAID WORK-BASED LEARNING
17 PROGRAM STUDENTS APPROVED BY THE DEPARTMENT MAY NOT EXCEED 100 FOR
18 EACH TAXABLE YEAR.

19 (3) THE REGULATIONS ADOPTED UNDER THIS SUBSECTION SHALL
20 INCLUDE A PROCESS FOR CERTIFYING EMPLOYERS' ELIGIBILITY FOR THE TAX
21 CREDIT UNDER THIS SECTION.

22 (4) THE DEPARTMENT MAY DELEGATE THE APPROVAL AUTHORITY
23 FOR PROGRAMS UNDER THIS SECTION TO ONE OR MORE PRIVATE INDUSTRY
24 COUNCILS.

25 **Article - Tax - General**

26 8-216.

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

31 8-413.

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

36 10-708.

37 AN INDIVIDUAL OR CORPORATION MAY CLAIM A CREDIT AGAINST THE STATE
38 INCOME TAX FOR WAGES PAID TO EACH STUDENT UNDER AN APPROVED PAID

5

1 WORK-BASED LEARNING PROGRAM AS PROVIDED UNDER § 21-501 OF THE
2 EDUCATION ARTICLE.

3 **Article - Insurance**

4 6-115.

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

8 SECTION 2. AND BE IT FURTHER ENACTED, That the State Department of
9 Education shall evaluate the effectiveness of the tax credit provided under this Act. The
10 Department shall include in this study the number of businesses qualifying for the tax
11 credits and the amount of credits granted. The Department shall report its findings to the
12 Senate Budget and Taxation Committee and the House Committee on Ways and Means
13 on or before November 1, ~~2004~~ 1999.

14 SECTION 3. AND BE IT FURTHER ENACTED, That this Act shall remain
15 effective for a period of 2 years and 9 months and, at the end of June 30, 2000, with no
16 further action required by the General Assembly, this Act shall be abrogated and of no
17 further force and effect.

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