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**By: Senators Colburn and Stoltzfus**

Requested: November 15, 1996

Introduced and read first time: January 8, 1997

Assigned to: Budget and Taxation

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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; and generally relating to a credit against the State income  
9 tax, financial institution franchise tax, public service company franchise tax, and  
10 insurance premiums tax for training expenses incurred in teaching English to  
11 non-English speaking employees.

12 BY adding to

13 Article - Labor and Employment  
14 Section 11-601 to be under the new subtitle "Subtitle 6. Tax Credit for Businesses  
15 That Teach English to Employees"  
16 Annotated Code of Maryland  
17 (1991 Volume and 1996 Supplement)

18 BY adding to

19 Article - Tax - General  
20 Section 8-216, 8-413, and 10-708  
21 Annotated Code of Maryland  
22 (1988 Volume and 1996 Supplement)

23 BY adding to

24 Article - Insurance  
25 Section 6-115  
26 Annotated Code of Maryland  
27 (1995 Volume and 1996 Supplement)  
28 (As enacted by Chapter 36 of the Acts of the General Assembly of 1995)

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1 Preamble

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

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

7 WHEREAS, Maryland's economic well-being depends on foreign and international  
8 exchange and many jobs are directly linked to foreign trade and international exchange;  
9 and

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

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

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

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

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

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

25 **Article - Labor and Employment**

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

27 11-601.

28 (A) (1) IN THIS SECTION THE FOLLOWING WORDS HAVE THE MEANINGS  
29 INDICATED.

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

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

35 (II) "QUALIFIED ENGLISH LANGUAGE TRAINING EXPENSE"  
36 INCLUDES:

37 1. BOOKS AND SUPPLIES;

3

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

4                               3. WAGES PAID TO AN EMPLOYEE RECEIVING LANGUAGE  
5 TRAINING TO THE EXTENT ALLOCABLE TO THE TIME WHEN THE EMPLOYEE IS  
6 RECEIVING TRAINING.

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

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

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

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

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

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

23                       (2) THE EXPIRATION OF THE 10TH TAXABLE YEAR AFTER THE YEAR  
24 DURING WHICH THE QUALIFIED ENGLISH LANGUAGE TRAINING EXPENSES ARE  
25 PAID.

26               **Article - Tax - General**

27 8-216.

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

32 8-413.

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

37 10-708.

38               AN INDIVIDUAL OR CORPORATION MAY CLAIM A CREDIT AGAINST THE STATE  
39 INCOME TAX FOR TRAINING EXPENSES PAID FOR TEACHING ENGLISH TO

4  
1 EMPLOYEES AS PROVIDED UNDER § 11-601 OF THE LABOR AND EMPLOYMENT  
2 ARTICLE.

3                   **Article - Insurance**

4 6-115.

5                   AN INSURER MAY CLAIM A CREDIT AGAINST THE PREMIUM TAX FOR  
6 TRAINING EXPENSES INCURRED FOR TEACHING ENGLISH TO EMPLOYEES AS  
7 PROVIDED UNDER § 11-601 OF THE LABOR AND EMPLOYMENT ARTICLE.

8                   SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect  
9 October 1, 1997 and shall be applicable to all taxable years beginning after December 31,  
10 1997.