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**By: Senator McFadden**

Introduced and read first time: January 29, 1997

Assigned to: Budget and Taxation

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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 unless the business entity has provided  
11 certain information to a certain person; requiring the Department of Human  
12 Resources to develop a certain form or other means to enable business entities to  
13 comply with the provisions of this Act; and generally relating to requirements of  
14 business entities that propose to hire or hire Family Investment Program recipients.

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

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

25 Preamble

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

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

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1 WHEREAS, Creating a new workforce could displace existing workers or  
2 undermine their present pay, benefit, and workplace protection levels; and

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

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

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

8 46.

9 (A) The Secretary shall:

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

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

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

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

18 (B) AS PART OF THE SECRETARY'S RESPONSIBILITIES UNDER SUBSECTION (A)  
19 OF THIS SECTION AND IN SUPPORT OF THE FIP'S GOAL OF ASSISTING FIP RECIPIENTS  
20 TO FIND EMPLOYMENT LEADING TO ECONOMIC SELF-SUFFICIENCY, THE  
21 SECRETARY SHALL ASSIST THE LOCAL DEPARTMENTS IN IDENTIFYING EMPLOYERS  
22 WITH JOBS AND MATCHING FIP RECIPIENTS TO JOBS THAT ARE NEWLY CREATED  
23 POSITIONS THAT PAY THE PREVAILING WAGE PAID FOR SIMILAR JOBS OR PAY  
24 WAGES SUFFICIENT TO SUPPORT A FAMILY OF FOUR ABOVE THE OFFICIAL  
25 POVERTY LEVEL.

26 54.

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

29 (i) Who is hired to replace a laid-off employee or to replace an  
30 employee who is on strike; or

31 (ii) For whom the business entity simultaneously receives federal or  
32 State employment training benefits.

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

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

4 (i) Voluntarily terminates employment with the employer;

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

6 (iii) Is terminated for cause.

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

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

16 55.

17 (A) (1) IN THIS SECTION THE FOLLOWING WORDS HAVE THE MEANINGS  
18 INDICATED.

19 (2) "BUSINESS ENTITY" MEANS:

20 (I) A PERSON CONDUCTING OR OPERATING A TRADE OR  
21 BUSINESS IN MARYLAND; OR

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

25 (3) (I) "QUALIFIED EMPLOYMENT OPPORTUNITY EMPLOYEE" MEANS  
26 AN INDIVIDUAL WHO IS A RESIDENT OF MARYLAND AND WHO FOR 3 MONTHS  
27 BEFORE THE INDIVIDUAL'S EMPLOYMENT WITH A BUSINESS ENTITY WAS A  
28 RECIPIENT OF TEMPORARY CASH ASSISTANCE FROM THE STATE UNDER THE AID TO  
29 FAMILIES WITH DEPENDENT CHILDREN PROGRAM OR THE FAMILY INVESTMENT  
30 PROGRAM AND WHO FOR 6 MONTHS BEFORE THE INDIVIDUAL'S EMPLOYMENT  
31 WITH A BUSINESS ENTITY WAS A MARYLAND RESIDENT.

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

37 (4) "WAGES" MEANS WAGES, WITHIN THE MEANING OF § 51(C)(1), (2),  
38 AND (3) OF THE INTERNAL REVENUE CODE WITHOUT REGARD TO § 51(C)(4) OF THE  
39 INTERNAL REVENUE CODE, THAT ARE PAID BY A BUSINESS ENTITY TO AN

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1 EMPLOYEE FOR SERVICES PERFORMED IN A TRADE OR BUSINESS OF THE  
2 EMPLOYER.

3 (B) BEFORE HIRING QUALIFIED EMPLOYMENT OPPORTUNITY EMPLOYEES, A  
4 BUSINESS ENTITY SHALL CERTIFY TO THE DEPARTMENT OR A LOCAL DEPARTMENT  
5 BY MAIL, OR ANY OTHER MEANS APPROVED BY THE DEPARTMENT, THAT THE  
6 POSITIONS FOR WHICH QUALIFIED EMPLOYMENT OPPORTUNITY EMPLOYEES WILL  
7 BE HIRED ARE NEWLY CREATED POSITIONS AND WILL PAY THE PREVAILING WAGE  
8 BEING PAID FOR SIMILAR POSITIONS OR WAGES IN AN AMOUNT SUFFICIENT TO  
9 SUPPORT A FAMILY OF FOUR ABOVE THE OFFICIAL POVERTY LEVEL.

10 (C) IN CONSULTATION WITH THE DEPARTMENT OF LABOR, LICENSING, AND  
11 REGULATION, THE DEPARTMENT SHALL DEVELOP A STANDARDIZED FORM OR  
12 OTHER MEANS THAT WOULD ASSIST BUSINESS ENTITIES IN PROVIDING THE  
13 INFORMATION REQUIRED UNDER SUBSECTION (A) OF THIS SECTION.

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