

HOUSE BILL 6

Unofficial Copy  
Q7

1998 Regular Session  
(8lr1064)

**ENROLLED BILL**

-- *Ways and Means/Budget and Taxation* --

Introduced by **Delegates Shriver, Taylor, Hixson, Dewberry, Hurson, Rawlings, Curran, Busch, Guns, Vallario, Harrison, Menes, Kopp, Arnick, Owings, W. Baker, Barve, Benson, E. Burns, Cadden, Clagett, Conroy, Conway, C. Davis, Dembrow, Doory, Dypski, Finifter, Franchot, Frank, Frush, Fulton, Goldwater, Gordon, Hecht, Howard, Jones, Kagan, Klausmeier, Krysiak, Linton, Love, Marriott, McIntosh, V. Mitchell, Morhaim, Nathan-Pulliam, Patterson, Perry, Pitkin, Preis, Proctor, Rosenberg, Rudolph, Slade, Turner, Weir, Wood, ~~and Workman~~ Workman, Healey, Donoghue, Valderrama, DeCarlo, McHale, Miller, Cryor, and Bonsack**

Read and Examined by Proofreaders:

\_\_\_\_\_  
Proofreader.

\_\_\_\_\_  
Proofreader.

Sealed with the Great Seal and presented to the Governor, for his approval this \_\_\_\_\_ day of \_\_\_\_\_ at \_\_\_\_\_ o'clock, \_\_\_\_\_ M.

\_\_\_\_\_  
Speaker.

CHAPTER \_\_\_\_\_

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  
6 employer-supervised learning; allowing a credit against the State income tax,  
7 financial institution franchise tax, public service company franchise tax, and  
8 insurance premiums tax for wages paid to each student under an approved paid

1 work-based learning program; providing for calculation of the credit; providing  
2 for the carrying forward of the credit if the credit exceeds the total tax otherwise  
3 payable for a taxable year; providing for the termination of the credit after a  
4 certain taxable year; requiring a certain study be done and provided to certain  
5 committees of the General Assembly on or before a certain date; providing for  
6 the application of this Act; providing for the abrogation of this Act; and generally  
7 relating to the establishment of approved paid work-based learning programs  
8 and a credit against the State income tax, financial institution franchise tax,  
9 public service company franchise tax, and insurance premiums tax for certain  
10 wages paid to each student pursuant to an approved paid work-based learning  
11 program.

12 BY adding to  
13 Article - Education  
14 Section 21-501 to be under the new subtitle "Subtitle 5. Approved Paid  
15 Work-Based Learning Programs"  
16 Annotated Code of Maryland  
17 (1997 Replacement Volume and 1997 Supplement)

18 BY adding to  
19 Article - Tax - General  
20 Section 8-218, 8-415, and 10-709  
21 Annotated Code of Maryland  
22 (1997 Replacement Volume)

23 BY adding to  
24 Article - Insurance  
25 Section 6-117  
26 Annotated Code of Maryland  
27 (1997 Volume)

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

30 **Article - Education**

31 **SUBTITLE 5. APPROVED PAID WORK-BASED LEARNING PROGRAMS.**

32 21-501.

33 (A) (1) IN THIS SECTION THE FOLLOWING WORDS HAVE THE MEANINGS  
34 INDICATED.

35 (2) "ELIGIBLE PARTY" MEANS:

36 (I) AN EMPLOYER;

- 1 (II) A GROUP OF EMPLOYERS;  
2 (III) AN INDUSTRY TRADE ASSOCIATION;  
3 (IV) A LABOR ORGANIZATION;  
4 (V) AN OPERATOR OF A REGISTERED APPRENTICESHIP PROGRAM;  
5 OR

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

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

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

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

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

15 (4) "MULTICRAFT CONSTRUCTION SITE" MEANS A CONSTRUCTION SITE  
16 WHERE MORE THAN ONE CONSTRUCTION TRADE OPERATION IS TAKING PLACE AT  
17 THE SAME TIME.

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19 ~~WHERE MORE THAN ONE CONSTRUCTION TRADE OPERATION IS TAKING PLACE AT~~  
20 ~~THE SAME TIME.~~

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

26 (2) ~~THE DEPARTMENT MAY NOT APPROVE A PAID WORK-BASED~~  
27 ~~LEARNING PROGRAM FOR STUDENTS THAT INCLUDES A MULTICRAFT~~  
28 ~~CONSTRUCTION SITE.~~

29 (3) A WORK-BASED LEARNING PROGRAM SHALL PROVIDE FOR  
30 APPROVED PAID WORK-BASED LEARNING ARRANGEMENTS BETWEEN EMPLOYERS  
31 AND SCHOOLS TO PROVIDE STUDENTS WITH STRUCTURED EMPLOYER-SUPERVISED  
32 LEARNING THAT:

33 (I) OCCURS IN THE WORKPLACE IN CONFORMANCE WITH  
34 ESTABLISHED SAFETY STANDARDS;

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

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

2 ~~(4)~~ (3) AN APPROVED PAID WORK-BASED LEARNING PROGRAM FOR  
3 STUDENTS SHALL BE SET FORTH IN WRITING AND SHALL INCLUDE:

4 (I) A DESCRIPTION OF THE KNOWLEDGE AND SKILLS TO BE  
5 DEVELOPED;

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

7 (III) A DESCRIPTION OF THE CRITERIA FOR MONITORING,  
8 ASSESSING, AND CREDENTIALING; AND

9 (IV) EVIDENCE OF APPROVAL BY APPROPRIATE SCHOOL  
10 PERSONNEL.

11 ~~(5)~~ (4) THE PROGRAM SHALL:

12 (I) PROVIDE APPROVED PAID WORK-BASED LEARNING  
13 EXPERIENCES FOR STUDENTS THAT ARE CONSISTENT WITH THE STRATEGIC  
14 ECONOMIC DEVELOPMENT GOALS ESTABLISHED FOR THE STATE; AND

15 (II) STRIVE TO ACHIEVE A GEOGRAPHIC REPRESENTATION OF  
16 STUDENTS PARTICIPATING IN PAID WORK-BASED LEARNING EXPERIENCES.

17 (5) A CONTRACTOR AT A MULTICRAFT CONSTRUCTION SITE MAY NOT  
18 QUALIFY FOR THE TAX CREDIT AUTHORIZED UNDER THIS SECTION FOR MORE THAN  
19 2 STUDENTS.

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

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

27 (3) THE CUMULATIVE CREDIT ALLOWED UNDER THIS SECTION TO AN  
28 EMPLOYER IN THE CURRENT TAXABLE YEAR AND ALL PREVIOUS TAXABLE YEARS  
29 MAY NOT EXCEED ~~\$1,500~~ ~~\$1,000~~ \$1,500 PER STUDENT.

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

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

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

1 (D) THE TAX CREDIT AUTHORIZED UNDER THIS SECTION SHALL BE ALLOWED  
2 ONLY FOR TAXABLE YEARS BEGINNING ON OR BEFORE DECEMBER 31, 2000.

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

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

8 (II) THE NUMBER OF ELIGIBLE PAID WORK-BASED LEARNING  
9 PROGRAM STUDENTS APPROVED BY THE DEPARTMENT MAY NOT EXCEED ~~400~~ 1,000  
10 FOR EACH TAXABLE YEAR.

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

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

16 **Article - Tax - General**

17 8-218.

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

22 8-415.

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

27 10-709.

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

1

**Article - Insurance**

2 6-117.

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

6 SECTION 2. AND BE IT FURTHER ENACTED, That the State Department  
7 of Education shall evaluate the effectiveness of the tax credit provided under this Act.  
8 The Department shall include in this study the number of businesses qualifying for  
9 the tax credits, *the types of businesses qualifying for the credits*, and the amount of  
10 credits granted. The Department shall report its findings to the Senate Budget and  
11 Taxation Committee and the House Committee on Ways and Means on or before  
12 November 1, 2000.

13 SECTION 3. AND BE IT FURTHER ENACTED, That this Act shall remain  
14 effective for a ~~period of 2 years and 9 months~~ 3 years and, at the end of June 30, 2001,  
15 with no further action required by the General Assembly, this Act shall be abrogated  
16 and of no further force and effect; provided, that any excess credits may be carried  
17 forward and, subject to the limitations of § 21-501 of the Education Article, may be  
18 applied as credit for taxable years beginning on or after January 1, 2001.

19 SECTION 4. AND BE IT FURTHER ENACTED, That this Act shall take  
20 effect ~~October 1, 1998~~ July 1, 1998 and shall be applicable to all taxable years  
21 beginning after December 31, 1998.