

SENATE BILL 509

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HB 1181/97 - W&M

1998 Regular Session
8r1217
CF HB 6

By: ~~Senator Fry~~ **Senators Fry, McFadden, Lawlah, Middleton, and Van Hollen**

Introduced and read first time: February 6, 1998
Assigned to: Budget and Taxation

Committee Report: Favorable with amendments
Senate action: Adopted
Read second time: March 17, 1998

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

20 BY adding to
21 Article - Education
22 Section 21-501 to be under the new subtitle "Subtitle 5. Approved Paid
23 Work-Based Learning Programs"
24 Annotated Code of Maryland
25 (1997 Replacement Volume and 1997 Supplement)

1 BY adding to
2 Article - Tax - General
3 Section 8-218, 8-415, and 10-709
4 Annotated Code of Maryland
5 (1997 Replacement Volume)

6 BY adding to
7 Article - Insurance
8 Section 6-117
9 Annotated Code of Maryland
10 (1997 Volume)

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

13 **Article - Education**

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

15 21-501.

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

18 (2) "ELIGIBLE PARTY" MEANS:

19 (I) AN EMPLOYER;

20 (II) A GROUP OF EMPLOYERS;

21 (III) AN INDUSTRY TRADE ASSOCIATION;

22 (IV) A LABOR ORGANIZATION;

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

24 OR

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

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

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

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

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

3 ~~(4) "MULTICRAFT CONSTRUCTION SITE" MEANS A CONSTRUCTION SITE~~
4 ~~WHERE MORE THAN ONE CONSTRUCTION TRADE OPERATION IS TAKING PLACE AT~~
5 ~~THE SAME TIME.~~

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

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

14 ~~(3)~~ A WORK-BASED LEARNING PROGRAM SHALL PROVIDE FOR
15 APPROVED PAID WORK-BASED LEARNING ARRANGEMENTS BETWEEN EMPLOYERS
16 AND SCHOOLS TO PROVIDE STUDENTS WITH STRUCTURED EMPLOYER-SUPERVISED
17 LEARNING THAT:

18 (I) OCCURS IN THE WORKPLACE;

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

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

22 ~~(4)~~ (3) AN APPROVED PAID WORK-BASED LEARNING PROGRAM FOR
23 STUDENTS SHALL BE SET FORTH IN WRITING AND SHALL INCLUDE:

24 (I) A DESCRIPTION OF THE KNOWLEDGE AND SKILLS TO BE
25 DEVELOPED;

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

27 (III) A DESCRIPTION OF THE CRITERIA FOR MONITORING,
28 ASSESSING, AND CREDENTIALING; AND

29 (IV) EVIDENCE OF APPROVAL BY APPROPRIATE SCHOOL
30 PERSONNEL.

31 ~~(5)~~ (4) THE PROGRAM SHALL:

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

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

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

4 (2) AN EMPLOYER MAY CLAIM A TAX CREDIT IN AN AMOUNT EQUAL TO
5 15% OF THE WAGES PAID TO EACH STUDENT DURING THE TAXABLE YEAR UNDER A
6 WORK-BASED LEARNING PROGRAM THAT HAS BEEN APPROVED BY THE
7 DEPARTMENT AS QUALIFYING FOR THE TAX CREDIT UNDER THIS SECTION.

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

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

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

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

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

20 (E) (1) THE DEPARTMENT SHALL ADOPT REGULATIONS TO IMPLEMENT
21 THIS SECTION.

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

25 (II) THE NUMBER OF ELIGIBLE PAID WORK-BASED LEARNING
26 PROGRAM STUDENTS APPROVED BY THE DEPARTMENT MAY NOT EXCEED 1,000 FOR
27 EACH TAXABLE YEAR.

28 (3) THE REGULATIONS ADOPTED UNDER THIS SUBSECTION SHALL
29 INCLUDE A PROCESS FOR CERTIFYING EMPLOYERS' ELIGIBILITY FOR THE TAX
30 CREDIT UNDER THIS SECTION.

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

33 **Article - Tax - General**

34 8-218.

35 A FINANCIAL INSTITUTION MAY CLAIM A CREDIT AGAINST THE FINANCIAL
36 INSTITUTION FRANCHISE TAX FOR WAGES PAID TO EACH STUDENT UNDER AN

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

3 8-415.

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

8 10-709.

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

13 **Article - Insurance**

14 6-117.

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

18 SECTION 2. AND BE IT FURTHER ENACTED, That the State Department
19 of Education shall evaluate the effectiveness of the tax credit provided under this Act.
20 The Department shall include in this study the number of businesses qualifying for
21 the tax credits and the amount of credits granted. The Department shall report its
22 findings to the Senate Budget and Taxation Committee and the House Committee on
23 Ways and Means on or before November 1, 2000.

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

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

