

SENATE BILL 423

Unofficial Copy
Q3

1999 Regular Session
(9r0851)

ENROLLED BILL

-- Budget and Taxation/Ways and Means --

Introduced by **Senators Hogan, Lawlah, Neall, Munson, Teitelbaum, and
Mitchell Mitchell, Middleton, and Ruben**

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.

President.

CHAPTER _____

1 AN ACT concerning

2 **Critical Skills Training - Income Tax Credit for Individuals and Employers**

3 FOR the purpose of allowing an individual a credit against the State income tax for
4 certain amounts paid by the individual during the taxable year for certain
5 tuition and fees for certain approved educational programs for the individual or
6 the individual's spouse or dependents, subject to certain limitations and
7 conditions; ~~allowing an employer a credit against the State income tax for~~
8 ~~certain amounts paid by the employer during the taxable year for certain tuition~~
9 ~~and fees for certain approved educational programs for the employer's~~
10 ~~employees in the State, subject to certain limitations;~~ requiring the Secretary of
11 the Maryland Higher Education Commission after consultation with certain
12 persons to approve certain educational programs as qualifying for the tax credits
13 and to designate work-related skills and occupations that are in short supply
14 and are critical to Maryland's economic development strategy; defining certain
15 terms; providing for the application of this Act; and generally relating to certain
16 income tax credits for individuals ~~and employers~~ for certain amounts paid for

1 certain approved educational programs.

2 BY adding to

3 Article - Tax - General

4 Section 10-712

5 Annotated Code of Maryland

6 (1997 Replacement Volume and 1998 Supplement)

7 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF

8 MARYLAND, That the Laws of Maryland read as follows:

9

Article - Tax - General

10 10-712.

11 (A) (1) IN THIS SECTION THE FOLLOWING WORDS HAVE THE MEANINGS
12 INDICATED.

13 (2) "APPROVED INDUSTRY CERTIFICATE PROGRAM" MEANS A PROGRAM
14 OF STUDY THAT:

15 (I) IS PROVIDED IN MARYLAND;

16 (II) IS RECOGNIZED BY NATIONAL ACCREDITING CORPORATIONS
17 AND ASSOCIATIONS; AND

18 (III) ON SUCCESSFUL COMPLETION, ISSUES AN INDIVIDUAL A
19 CERTIFICATE OF PROFICIENCY IN A SPECIFIC WORK-RELATED SKILL OR
20 OCCUPATION THAT IS IN SHORT SUPPLY AND CRITICAL TO MARYLAND'S ECONOMIC
21 DEVELOPMENT STRATEGY, AS DESIGNATED BY THE MARYLAND HIGHER EDUCATION
22 COMMISSION UNDER SUBSECTION ~~(E)~~ (D) OF THIS SECTION.

23 (3) "APPROVED PROGRAM" MEANS A PROGRAM THAT IS OFFERED AT AN
24 ELIGIBLE EDUCATIONAL INSTITUTION AND THAT:

25 (I) PROVIDES TRAINING IN WORKPLACE DISCIPLINES AND SKILLS
26 IN SHORT SUPPLY AND CRITICAL TO MARYLAND'S ECONOMIC DEVELOPMENT
27 STRATEGY, AS DESIGNATED BY THE MARYLAND HIGHER EDUCATION COMMISSION
28 UNDER SUBSECTION ~~(E)~~ (D) OF THIS SECTION; AND

29 (II) IS APPROVED BY THE MARYLAND HIGHER EDUCATION
30 COMMISSION UNDER SUBSECTION ~~(E)~~ (D) OF THIS SECTION AS QUALIFYING FOR THE
31 TAX CREDIT UNDER THIS SECTION.

32 (4) "ELIGIBLE EDUCATIONAL INSTITUTION" MEANS A MARYLAND
33 COLLEGE, UNIVERSITY, PRIVATE CAREER SCHOOL, OR OTHER POSTSECONDARY
34 EDUCATIONAL INSTITUTION THAT IS AN ELIGIBLE EDUCATIONAL INSTITUTION
35 WITHIN THE MEANING OF § 25A OF THE INTERNAL REVENUE CODE.

1 (5) (I) "QUALIFIED TUITION AND RELATED EXPENSES" MEANS
2 TUITION AND FEES THAT ARE REQUIRED FOR ENROLLMENT IN AN APPROVED
3 PROGRAM AT AN ELIGIBLE EDUCATIONAL INSTITUTION OR FOR ENROLLMENT IN AN
4 APPROVED INDUSTRY CERTIFICATE PROGRAM.

5 (II) "QUALIFIED TUITION AND RELATED EXPENSES" DOES NOT
6 INCLUDE:

7 1. EXPENSES WITH RESPECT TO ANY COURSE OR OTHER
8 EDUCATION INVOLVING SPORTS, GAMES, OR HOBBIES, UNLESS THOSE EXPENSES
9 ARE PART OF A DEGREE PROGRAM; OR

10 2. CHARGES FOR ROOM AND BOARD, STUDENT ACTIVITY
11 FEES, ATHLETIC FEES, INSURANCE EXPENSES, OR OTHER EXPENSES UNRELATED TO
12 A STUDENT'S ACADEMIC COURSE OF INSTRUCTION.

13 (B) (1) SUBJECT TO PARAGRAPHS (2) AND (3) OF THIS SUBSECTION, AN
14 INDIVIDUAL MAY CLAIM A CREDIT AGAINST THE STATE INCOME TAX IN AN AMOUNT
15 EQUAL TO 30% OF UP TO \$5,000 PAID BY THE INDIVIDUAL DURING THE TAXABLE YEAR
16 FOR QUALIFIED TUITION AND RELATED EXPENSES FOR THE INDIVIDUAL OR THE
17 INDIVIDUAL'S SPOUSE OR DEPENDENTS AND NOT REIMBURSED BY AN EMPLOYER OR
18 OTHERWISE.

19 (2) (I) IF AN INDIVIDUAL'S FEDERAL ADJUSTED GROSS INCOME FOR
20 THE TAXABLE YEAR EXCEEDS ~~\$80,000~~ \$65,000, THE CREDIT OTHERWISE ALLOWED
21 UNDER THIS SUBSECTION SHALL BE REDUCED BY 5% FOR EACH \$1,000 OR FRACTION
22 OF \$1,000 BY WHICH THE INDIVIDUAL'S FEDERAL ADJUSTED GROSS INCOME
23 EXCEEDS ~~\$80,000~~ \$65,000.

24 (II) IN THE CASE OF A MARRIED INDIVIDUAL FILING A SEPARATE
25 RETURN, IF THE INDIVIDUAL'S FEDERAL ADJUSTED GROSS INCOME FOR THE
26 TAXABLE YEAR EXCEEDS ~~\$40,000~~ \$32,500, THE CREDIT OTHERWISE ALLOWED UNDER
27 THIS SUBSECTION SHALL BE REDUCED BY 5% FOR EACH \$500 OR FRACTION OF \$500
28 BY WHICH THE INDIVIDUAL'S FEDERAL ADJUSTED GROSS INCOME EXCEEDS ~~\$40,000~~
29 \$32,500.

30 (III) THE CREDIT UNDER THIS SUBSECTION MAY NOT BE CLAIMED
31 BY A TAXPAYER WHO MAY BE CLAIMED AS A DEPENDENT ON THE RETURN OF
32 ANOTHER TAXPAYER FOR THE TAXABLE YEAR.

33 (3) (I) THE INDIVIDUAL ENROLLED IN THE APPROVED PROGRAM OR
34 APPROVED INDUSTRY CERTIFICATE PROGRAM WITH RESPECT TO WHICH A CREDIT
35 UNDER THIS SUBSECTION IS ALLOWED SHALL:

36 1. COMMENCE EMPLOYMENT IN THE STATE IN AN
37 OCCUPATION DIRECTLY RELATED TO THE APPROVED PROGRAM OR APPROVED
38 INDUSTRY CERTIFICATE PROGRAM WITHIN 1 YEAR AFTER SUCCESSFUL
39 COMPLETION OF THE APPROVED PROGRAM OR APPROVED INDUSTRY CERTIFICATE
40 PROGRAM; AND

1 PROPOSED DESIGNATION UNDER PARAGRAPH (1)(I) OF THIS SUBSECTION OF THE
2 WORK-RELATED SKILLS AND OCCUPATIONS THAT ARE IN SHORT SUPPLY AND ARE
3 CRITICAL TO MARYLAND'S ECONOMIC DEVELOPMENT STRATEGY AND ANY
4 PROPOSED MODIFICATIONS OF THAT DESIGNATION TO THE JOINT COMMITTEE ON
5 ADMINISTRATIVE, EXECUTIVE, AND LEGISLATIVE REVIEW FOR REVIEW AND
6 COMMENT.

7 (II) THE PROPOSED DESIGNATION OF WORK-RELATED SKILLS AND
8 OCCUPATIONS THAT ARE IN SHORT SUPPLY AND ARE CRITICAL TO MARYLAND'S
9 ECONOMIC DEVELOPMENT STRATEGY AND ANY PROPOSED MODIFICATION OF THAT
10 DESIGNATION MAY NOT TAKE EFFECT UNTIL AT LEAST 45 DAYS AFTER SUBMISSION
11 OF THE PROPOSED ACTION TO THE JOINT COMMITTEE ON ADMINISTRATIVE,
12 EXECUTIVE, AND LEGISLATIVE REVIEW.

13 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
14 July 1, 1999, and shall be applicable to all taxable years beginning after December 31,
15 1998.