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By: **Delegate Pitkin**

Introduced and read first time: February 11, 2000

Assigned to: Ways and Means

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A BILL ENTITLED

1 AN ACT concerning

2 **Tax Credit for Costs of Providing Teleworker Benefits to Employees**

3 FOR the purpose of allowing a certain credit against the State income tax for certain  
4 costs incurred by employers that provide certain teleworker benefits to  
5 employees; providing for the maximum amount of credit per year per employee;  
6 defining certain terms; providing for the application of this Act; and generally  
7 relating to a tax credit against the State income tax for employer-provided  
8 teleworker benefits to employees.

9 BY repealing

10 Article - Transportation  
11 The subtitle designation "Subtitle 6. Board of Contract Appeals" immediately  
12 preceding the former Section 2-601  
13 Annotated Code of Maryland  
14 (1993 Replacement Volume and 1999 Supplement)

15 BY adding to

16 Article - Transportation  
17 Section 2-601 and 2-602 to be under the new subtitle "Subtitle 6. Tax Credits  
18 for Employer-Provided Teleworker Benefits"  
19 Annotated Code of Maryland  
20 (1993 Replacement Volume and 1999 Supplement)

21 BY adding to

22 Article - Tax - General  
23 Section 10-718  
24 Annotated Code of Maryland  
25 (1997 Replacement Volume and 1999 Supplement)

1 Preamble

2 WHEREAS, Workers are an organization's greatest asset and offering a  
3 telework option can help retain valued employees and recruit the best new employees  
4 from a larger pool of skilled workers; and

5 WHEREAS, When employees work in more convenient locations, lost time from  
6 sick days, late arrivals, and stressful commutes is translated into productive work  
7 periods; and

8 WHEREAS, By focusing on work, and not stressful commutes or office  
9 distractions, workers can enjoy managing their own time, assuming responsibility,  
10 and the higher quality of work that results; and

11 WHEREAS, Maryland's communities can benefit from teleworking, which gives  
12 workers more time to spend at home with their families; and

13 WHEREAS, Having fewer commuters on the roads, especially at peak hours,  
14 lowers the cost of road maintenance and the demand for building new highways, and  
15 improves the quality of life for area residents; and

16 WHEREAS, Fewer or shorter commutes mean less air pollution and the  
17 conservation of gasoline and other energy sources; and

18 WHEREAS, By lowering the wasted economic cost of traffic congestion and  
19 making the region a more attractive place to live and do business, teleworking can  
20 improve the region's overall economic health; now, therefore

21 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF  
22 MARYLAND, That the subtitle designation "Subtitle 6. Board of Contract Appeals"  
23 immediately preceding the former Section 2-601 of Article - Transportation of the  
24 Annotated Code of Maryland be repealed.

25 SECTION 2. BE IT FURTHER ENACTED, That the Laws of Maryland read as  
26 follows:

27 **Article - Transportation**

28 **SUBTITLE 6. TAX CREDITS FOR EMPLOYER-PROVIDED TELEWORKER BENEFITS.**

29 2-601.

30 (A) IN THIS SECTION THE FOLLOWING WORDS HAVE THE MEANINGS  
31 INDICATED.

32 (B) "BUSINESS ENTITY" MEANS:

33 (1) A PERSON CONDUCTING OR OPERATING A TRADE OR BUSINESS IN  
34 MARYLAND; OR

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

3 (C) "ELIGIBLE COSTS" MEANS EXPENDITURES FOR EQUIPMENT,  
4 TELECOMMUNICATIONS SERVICES, AND ANY OTHER REASONABLE COSTS THAT  
5 ENABLE AN EMPLOYEE TO TELEWORK.

6 2-602.

7 (A) (1) A BUSINESS ENTITY MAY CLAIM A TAX CREDIT AGAINST THE STATE  
8 INCOME TAX FOR ELIGIBLE COSTS INCURRED TO ENABLE AN EMPLOYEE TO  
9 TELEWORK.

10 (2) THE TAX CREDIT SHALL BE EQUAL TO:

11 (I) 50% OF THE ELIGIBLE COSTS FOR AN EMPLOYEE WHO  
12 TELEWORKS 5 OR MORE DAYS PER WEEK;

13 (II) 40% OF THE ELIGIBLE COSTS FOR AN EMPLOYEE WHO  
14 TELEWORKS 4 DAYS PER WEEK;

15 (III) 30% OF THE ELIGIBLE COSTS FOR AN EMPLOYEE WHO  
16 TELEWORKS 3 DAYS PER WEEK;

17 (IV) 20% OF THE ELIGIBLE COSTS FOR AN EMPLOYEE WHO  
18 TELEWORKS 2 DAYS PER WEEK; AND

19 (V) 10% OF THE COSTS FOR AN EMPLOYEE WHO TELEWORKS 1 DAY  
20 PER WEEK.

21 (B) (1) THE CREDIT ALLOWED UNDER THIS SECTION MAY NOT EXCEED, FOR  
22 ANY TAXABLE YEAR:

23 (I) \$2,000 PER EMPLOYEE WHO TELEWORKS 5 OR MORE DAYS PER  
24 WEEK;

25 (II) \$1,600 PER EMPLOYEE WHO TELEWORKS 4 DAYS PER WEEK;

26 (III) \$1,200 PER EMPLOYEE WHO TELEWORKS 3 DAYS PER WEEK;

27 (IV) \$800 PER EMPLOYEE WHO TELEWORKS 2 DAYS PER WEEK; AND

28 (V) \$400 PER EMPLOYEE WHO TELEWORKS 1 DAY PER WEEK.

29 (2) THE UNUSED AMOUNT OF THE CREDIT UNDER THIS SECTION FOR  
30 ANY TAXABLE YEAR MAY NOT BE CARRIED OVER TO ANY OTHER TAXABLE YEAR.

31 (C) THE TAX CREDIT DOES NOT APPLY TO:

1                   (1)     AN EMPLOYEE WHOSE JOB FUNCTION REQUIRES THAT THE  
2 MAJORITY OF THE EMPLOYEE'S DUTIES BE PERFORMED OUTSIDE OF THE  
3 WORKPLACE; OR

4                   (2)     AN EMPLOYEE WHO TELEWORKS LESS THAN 2 DAYS A MONTH.

5   **Article - Tax - General**

6 10-718.

7     AN INDIVIDUAL OR CORPORATION MAY CLAIM A CREDIT AGAINST THE STATE  
8 INCOME TAX FOR THE COST OF PROVIDING TELEWORK BENEFITS TO THE BUSINESS  
9 ENTITY'S EMPLOYEE AS PROVIDED UNDER § 2-602 OF THE TRANSPORTATION  
10 ARTICLE.

11     SECTION 3. AND BE IT FURTHER ENACTED, That this Act shall take effect  
12 July 1, 2000 and shall be applicable to all taxable years beginning after December 31,  
13 2000.