
By: **Delegate Pitkin**
Introduced and read first time: February 11, 2000
Assigned to: Ways and Means

Committee Report: Favorable with amendments
House action: Adopted
Read second time: March 25, 2000

CHAPTER _____

1 AN ACT concerning

2 ~~**Tax Credit for Costs of Providing Teleworker Benefits to Employees**~~
3 ~~**Task Force to Study the Creation of Tax Credits for the Costs of Providing**~~
4 ~~**Teleworker Benefits to Employees**~~

5 FOR the purpose of ~~allowing a certain credit against the State income tax for certain~~
6 ~~costs incurred by employers that provide certain teleworker benefits to~~
7 ~~employees; providing for the maximum amount of credit per year per employee;~~
8 ~~defining certain terms; providing for the application of this Act; and generally~~
9 ~~relating to a tax credit against the State income tax for employer provided~~
10 ~~teleworker benefits to employees establishing a Task Force to Study the~~
11 ~~Creation of Tax Credits for the Costs of Providing Teleworker Benefits to~~
12 ~~Employees; specifying the membership and duties of the Task Force; providing~~
13 ~~for staff support for the Task Force; requiring the Task Force to make a report to~~
14 ~~certain individuals on or before a certain date; providing for the termination of~~
15 ~~this Act; and generally relating to the Task Force to Study the Creation of Tax~~
16 ~~Credits for the Costs of Providing Teleworker Benefits to Employees.~~

17 ~~BY~~ repealing
18 ~~Article Transportation~~
19 ~~The subtitle designation "Subtitle 6. Board of Contract Appeals" immediately~~
20 ~~preceding the former Section 2-601~~
21 ~~Annotated Code of Maryland~~
22 ~~(1993 Replacement Volume and 1999 Supplement)~~

23 ~~BY~~ adding to
24 ~~Article Transportation~~
25 ~~Section 2-601 and 2-602 to be under the new subtitle "Subtitle 6. Tax Credits~~

1 for Employer Provided Teleworker Benefits"
2 Annotated Code of Maryland
3 (1993 Replacement Volume and 1999 Supplement)

4 ~~BY adding to~~
5 ~~Article Tax General~~
6 ~~Section 10-718~~
7 ~~Annotated Code of Maryland~~
8 ~~(1997 Replacement Volume and 1999 Supplement)~~

9 Preamble

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

13 WHEREAS, ~~When employees work in more convenient locations, lost time from~~
14 ~~sick days, late arrivals, and stressful commutes is translated into productive work~~
15 ~~periods; and~~

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

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

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

24 WHEREAS, ~~Fewer or shorter commutes mean less air pollution and the~~
25 ~~conservation of gasoline and other energy sources; and~~

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

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

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

~~Article—Transportation~~~~SUBTITLE 6. TAX CREDITS FOR EMPLOYER PROVIDED TELEWORKER BENEFITS.~~~~2-601.~~

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

~~(B) "BUSINESS ENTITY" MEANS:~~

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

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

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

~~2-602.~~

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

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

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

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

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

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

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

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

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

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

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

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

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

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

6 (C) ~~THE TAX CREDIT DOES NOT APPLY TO:~~

7 (1) ~~AN EMPLOYEE WHOSE JOB FUNCTION REQUIRES THAT THE~~
8 ~~MAJORITY OF THE EMPLOYEE'S DUTIES BE PERFORMED OUTSIDE OF THE~~
9 ~~WORKPLACE; OR~~

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

11 ~~Article – Tax – General~~

12 ~~40-718.~~

13 ~~AN INDIVIDUAL OR CORPORATION MAY CLAIM A CREDIT AGAINST THE STATE~~
14 ~~INCOME TAX FOR THE COST OF PROVIDING TELEWORK BENEFITS TO THE BUSINESS~~
15 ~~ENTITY'S EMPLOYEE AS PROVIDED UNDER § 2-602 OF THE TRANSPORTATION~~
16 ~~ARTICLE.~~

17 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF
18 MARYLAND, That:

19 (a) There shall be a Task Force to Study the Creation of Tax Credits for the
20 Costs of Providing Teleworker Benefits to Employees.

21 (b) The Task Force consists of the following 16 members:

22 (1) The Secretary of Budget and Management, or the Secretary's
23 designee;

24 (2) The Secretary of Transportation, or the Secretary's designee;

25 (3) The Secretary of the Environment, or the Secretary's designee;

26 (4) The Secretary of Business and Economic Development, or the
27 Secretary's designee;

28 (5) The Secretary of Labor, Licensing, and Regulation, or the Secretary's
29 designee;

30 (6) The Director of Planning, or the Director's designee;

31 (7) The State Superintendent of Schools, or the Superintendent's
32 designee;

- 1 (8) The President of the Maryland Chamber of Commerce;
- 2 (9) The President of the Maryland Association of Counties;
- 3 (10) The President of the Maryland Municipal League;
- 4 (11) The Manager of the Telework Resource Center of the Washington
5 Metropolitan Regional Council of Government;
- 6 (12) A representative of the Professional Planners Association, appointed
7 by the Governor;
- 8 (13) A representative of the Technology Councils, appointed by the
9 Governor;
- 10 (14) An environmental group representative, appointed by the Governor;
- 11 (15) A representative of the disabled community, appointed by the
12 Governor; and
- 13 (16) A representative of the family preservation community, appointed by
14 the Governor.
- 15 (c) The Governor shall designate the Chairman of the Task Force.
- 16 (d) (1) The Task Force shall study various tax incentive initiatives for
17 qualifying business entities to encourage the development of teleworker employee
18 benefits, including income tax credits and property tax credits.
- 19 (2) The Task Force shall evaluate the impact of any of the options
20 developed to encourage teleworker benefits on State and local revenues, labor costs,
21 and business entity operating expenses.
- 22 (e) The Task Force shall submit a report to the Senate Budget and Taxation
23 Committee and the House Committee on Ways and Means on or before December 15,
24 2000, in accordance with § 2-1246 of the State Government Article, on its
25 recommendations for the potential consolidation of or alterations to existing tax
26 credits as well as recommendations for the future enactment of tax credits.
- 27 (f) The Department of Business and Economic Development, the Maryland
28 Department of Transportation, and the Comptroller of the Treasury shall provide
29 staff support to the Task Force.
- 30 (g) The Task Force shall terminate, and this Act shall be null and void, after
31 December 31, 2000 with no further action required by the General Assembly.
- 32 SECTION ~~3~~ 2. AND BE IT FURTHER ENACTED, That this Act shall take
33 effect July 1, 2000 and shall be applicable to all taxable years beginning after
34 December 31, 2000.

