

SENATE BILL 455

Unofficial Copy
Q3

2001 Regular Session
(11r1888)

ENROLLED BILL

-- Budget and Taxation/Ways and Means --

Introduced by ~~Senators Hogan and Teitelbaum~~, Teitelbaum, Hoffman, Van Hollen, Currie, Kasemeyer, Lawlah, Madden, McFadden, Middleton, Munson, Neall, Ruben, and Stoltzfus

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 and Occupations - Income Tax ~~Credits~~ Credit for Individuals**

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 individual who becomes a resident of the State and~~
8 ~~commences employment in certain occupations designated as in short supply~~
9 ~~and critical to Maryland's economic development strategy to claim a credit~~
10 ~~against the State income tax in a certain amount, subject to certain limitations;~~
11 requiring the Secretary of the Maryland Higher Education Commission after
12 consultation with certain persons to approve certain educational programs as
13 qualifying for the tax credits and to designate work-related skills and
14 occupations that are in short supply and are critical to Maryland's economic
15 development strategy; defining certain terms; providing for the application of

1 this Act; and generally relating to certain income tax credits for individuals
2 relating to certain work-related skills and occupations designated as in short
3 supply and critical to Maryland's economic development strategy.

4 BY adding to
5 Article - Tax - General
6 Section 10-722
7 Annotated Code of Maryland
8 (1997 Replacement Volume and 2000 Supplement)

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

11 **Article - Tax - General**

12 10-722.

13 (A) (1) IN THIS SECTION THE FOLLOWING WORDS HAVE THE MEANINGS
14 INDICATED.

15 (2) "APPROVED INDUSTRY CERTIFICATE PROGRAM" MEANS A PROGRAM
16 OF STUDY THAT:

17 (I) IS PROVIDED IN MARYLAND;

18 (II) IS RECOGNIZED BY NATIONAL ACCREDITING CORPORATIONS
19 AND ASSOCIATIONS; AND

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

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

27 (I) PROVIDES TRAINING IN WORKPLACE DISCIPLINES AND SKILLS
28 IN SHORT SUPPLY AND CRITICAL TO MARYLAND'S ECONOMIC DEVELOPMENT
29 STRATEGY, AS DESIGNATED BY THE MARYLAND HIGHER EDUCATION COMMISSION
30 UNDER THIS SECTION; AND

31 (II) IS APPROVED BY THE MARYLAND HIGHER EDUCATION
32 COMMISSION UNDER THIS SECTION AS QUALIFYING FOR THE TAX CREDIT UNDER
33 SUBSECTION (B) OF THIS SECTION.

34 (4) "ELIGIBLE EDUCATIONAL INSTITUTION" MEANS A MARYLAND
35 COLLEGE, UNIVERSITY, PRIVATE CAREER SCHOOL, OR OTHER POSTSECONDARY

1 EDUCATIONAL INSTITUTION THAT IS AN ELIGIBLE EDUCATIONAL INSTITUTION
2 WITHIN THE MEANING OF § 25A OF THE INTERNAL REVENUE CODE.

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

7 (II) "QUALIFIED TUITION AND RELATED EXPENSES" DOES NOT
8 INCLUDE:

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

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

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

21 (2) (I) IF AN INDIVIDUAL'S FEDERAL ADJUSTED GROSS INCOME FOR
22 THE TAXABLE YEAR EXCEEDS \$65,000, THE CREDIT OTHERWISE ALLOWED UNDER
23 THIS SUBSECTION SHALL BE REDUCED BY 5% FOR EACH \$1,000 OR FRACTION OF
24 \$1,000 BY WHICH THE INDIVIDUAL'S FEDERAL ADJUSTED GROSS INCOME EXCEEDS
25 \$65,000.

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

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

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

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

1 (2) (I) ON OR BEFORE NOVEMBER 1 OF EACH YEAR, THE SECRETARY
2 OF THE MARYLAND HIGHER EDUCATION COMMISSION SHALL SUBMIT THE
3 PROPOSED DESIGNATION UNDER PARAGRAPH (1)(I) OF THIS SUBSECTION OF THE
4 WORK-RELATED SKILLS AND OCCUPATIONS THAT ARE IN SHORT SUPPLY AND ARE
5 CRITICAL TO MARYLAND'S ECONOMIC DEVELOPMENT STRATEGY AND ANY
6 PROPOSED MODIFICATIONS OF THAT DESIGNATION TO THE JOINT COMMITTEE ON
7 ADMINISTRATIVE, EXECUTIVE, AND LEGISLATIVE REVIEW FOR REVIEW AND
8 COMMENT.

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

15 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
16 July 1, 2001, and shall be applicable to all taxable years beginning after December 31,
17 ~~2000~~ 2001.