

SENATE BILL 613

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Q3

2001 Regular Session  
1r2388

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By: **Senators DeGrange and Middleton**

Introduced and read first time: February 2, 2001

Assigned to: Budget and Taxation

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A BILL ENTITLED

1 AN ACT concerning

2 **Tax Credit for Employer-Established Paid Work-Based Learning Programs**

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 youths certain structured  
6 employer-supervised learning; allowing a credit against the State income tax  
7 for certain wages paid to each youth under an approved paid work-based  
8 learning program; providing for calculation of the credit; providing for the  
9 carrying forward of the credit if the credit exceeds the total tax otherwise  
10 payable for a taxable year; providing for the termination of the credit after a  
11 certain taxable year; requiring a certain study be done and provided to certain  
12 committees of the General Assembly on or before a certain date; providing for  
13 the application of this Act; providing for the termination of this Act; and  
14 generally relating to the establishment of approved paid work-based learning  
15 programs and a credit against the State income tax for certain wages paid to  
16 each youth pursuant to an approved paid work-based learning program.

17 BY adding to  
18 Article - Education  
19 Section 21-601 to be under the new subtitle "Subtitle 6. Employer-Established  
20 Paid Work-Based Learning Programs"  
21 Annotated Code of Maryland  
22 (1999 Replacement Volume and 2000 Supplement)

23 BY adding to  
24 Article - Tax - General  
25 Section 10-722  
26 Annotated Code of Maryland  
27 (1997 Replacement Volume and 2000 Supplement)

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

**Article - Education**

## SUBTITLE 6. EMPLOYER-ESTABLISHED PAID WORK-BASED LEARNING PROGRAMS.

21-601.

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

(2) "ELIGIBLE PARTY" MEANS:

(I) AN EMPLOYER ENGAGED IN ANY ASPECT OF THE  
CONSTRUCTION INDUSTRY;

(II) ANY INDUSTRY TRADE ASSOCIATION, LABOR ORGANIZATION,  
OR OPERATOR OF A REGISTERED APPRENTICESHIP PROGRAM ASSOCIATED WITH  
THE CONSTRUCTION INDUSTRY; OR

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

(3) "YOUTH" MEANS AN INDIVIDUAL WHO:

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

(II) REACHES THE AGE OF 23 YEARS WHILE PARTICIPATING IN AN  
APPROVED PAID WORK-BASED LEARNING PROGRAM UNDER THIS SECTION.

(B) (1) AN ELIGIBLE PARTY MAY ESTABLISH A PAID WORK-BASED  
LEARNING PROGRAM FOR YOUTHS THAT IS CONSISTENT WITH CURRENT STATE AND  
FEDERAL EMPLOYMENT OF MINORS LAWS AND APPROVED BY THE DEPARTMENT AS  
PROVIDED UNDER THIS SECTION.

(2) A WORK-BASED LEARNING PROGRAM SHALL PROVIDE FOR  
APPROVED PAID WORK-BASED LEARNING ARRANGEMENTS BETWEEN EMPLOYERS  
AND SCHOOLS TO PROVIDE YOUTHS WITH STRUCTURED EMPLOYER-SUPERVISED  
LEARNING THAT:

(I) OCCURS IN THE WORKPLACE IN CONFORMANCE WITH  
ESTABLISHED SAFETY STANDARDS;

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

(III) LINKS TO EACH YOUTH'S CAREER INTEREST.

(3) AN APPROVED PAID WORK-BASED LEARNING PROGRAM FOR  
YOUTHS SHALL BE SET FORTH IN WRITING AND SHALL INCLUDE:

1 (I) A DESCRIPTION OF THE KNOWLEDGE AND SKILLS TO BE  
2 DEVELOPED;

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

4 (III) A DESCRIPTION OF THE CRITERIA FOR MONITORING,  
5 ASSESSING, AND CREDENTIALING; AND

6 (IV) EVIDENCE OF APPROVAL BY APPROPRIATE SCHOOL  
7 PERSONNEL.

8 (4) THE PROGRAM SHALL:

9 (I) PROVIDE APPROVED PAID WORK-BASED LEARNING  
10 EXPERIENCES FOR YOUTHS THAT ARE CONSISTENT WITH THE STRATEGIC  
11 ECONOMIC DEVELOPMENT GOALS ESTABLISHED FOR THE STATE; AND

12 (II) STRIVE TO ACHIEVE A GEOGRAPHIC, GENDER, AND ETHNIC  
13 REPRESENTATION OF YOUTHS PARTICIPATING IN PAID WORK-BASED LEARNING  
14 EXPERIENCES.

15 (C) (1) IN ORDER FOR AN EMPLOYER TO BE ELIGIBLE TO CLAIM A TAX  
16 CREDIT, EACH YOUTH MUST BE EMPLOYED BY THE EMPLOYER FOR 200 HOURS OR  
17 MORE.

18 (2) AN EMPLOYER MAY CLAIM A TAX CREDIT IN AN AMOUNT EQUAL TO  
19 15% OF THE WAGES PAID TO EACH YOUTH DURING THE TAXABLE YEAR UNDER A  
20 WORK-BASED LEARNING PROGRAM THAT HAS BEEN APPROVED BY THE  
21 DEPARTMENT AS QUALIFYING FOR THE TAX CREDIT UNDER THIS SECTION.

22 (3) THE CUMULATIVE CREDIT ALLOWED UNDER THIS SECTION TO AN  
23 EMPLOYER IN THE CURRENT TAXABLE YEAR AND ALL PREVIOUS TAXABLE YEARS  
24 MAY NOT EXCEED \$1,500 PER YOUTH.

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

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

30 (II) THE EXPIRATION OF THE FIFTH TAXABLE YEAR IN WHICH THE  
31 CONTRIBUTION WAS MADE.

32 (D) THE TAX CREDIT AUTHORIZED UNDER THIS SECTION SHALL BE ALLOWED  
33 ONLY FOR TAXABLE YEARS BEGINNING ON OR BEFORE DECEMBER 31, 2004.

34 (E) (1) THE DEPARTMENT SHALL ADOPT REGULATIONS TO IMPLEMENT  
35 THIS SECTION.

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

4 (II) THE NUMBER OF ELIGIBLE PAID WORK-BASED LEARNING  
5 PROGRAM YOUTHS APPROVED BY THE DEPARTMENT UNDER THIS SECTION MAY NOT  
6 EXCEED 1,000 FOR EACH TAXABLE YEAR.

7 (3) THE REGULATIONS ADOPTED UNDER THIS SUBSECTION SHALL  
8 INCLUDE A PROCESS FOR CERTIFYING EMPLOYERS' ELIGIBILITY FOR THE TAX  
9 CREDIT UNDER THIS SECTION.

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

12 Article - Tax - General

13 10-722.

14 AN INDIVIDUAL OR CORPORATION MAY CLAIM A CREDIT AGAINST THE STATE  
15 INCOME TAX FOR WAGES PAID TO EACH STUDENT UNDER AN APPROVED PAID  
16 WORK-BASED LEARNING PROGRAM AS PROVIDED UNDER § 21-601 OF THE  
17 EDUCATION ARTICLE.

18 SECTION 2. AND BE IT FURTHER ENACTED, That the State Department of  
19 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, the types of businesses qualifying for the credits, and the amount of  
22 credits granted. The Department shall report its findings to the Senate Budget and  
23 Taxation Committee and the House Committee on Ways and Means on or before  
24 November 1, 2003.

25 SECTION 3. AND BE IT FURTHER ENACTED, That this Act shall remain  
26 effective for 3 years and, at the end of June 30, 2004, with no further action required  
27 by the General Assembly, this Act shall be abrogated and of no further force and  
28 effect; provided, that any excess credits may be carried forward and, subject to the  
29 limitations of § 21-601 of the Education Article, may be applied as credit for taxable  
30 years beginning on or after January 1, 2004.

31 SECTION 4. AND BE IT FURTHER ENACTED, That this Act shall take effect  
32 July 1, 2001 and shall be applicable to all taxable years beginning after December 31,  
33 2001.