

SENATE BILL 613

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Q3

2001 Regular Session
1r2388

By: **Senators DeGrange and Middleton**
Introduced and read first time: February 2, 2001
Assigned to: Budget and Taxation

Committee Report: Favorable
Senate action: Adopted
Read second time: March 7, 2001

CHAPTER _____

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

1 Annotated Code of Maryland
2 (1997 Replacement Volume and 2000 Supplement)

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

5 **Article - Education**

6 SUBTITLE 6. EMPLOYER-ESTABLISHED PAID WORK-BASED LEARNING PROGRAMS.
7 21-601.

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

10 (2) "ELIGIBLE PARTY" MEANS:

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

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

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

18 (3) "YOUTH" MEANS AN INDIVIDUAL WHO:

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

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

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

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

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

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

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

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

4 (I) A DESCRIPTION OF THE KNOWLEDGE AND SKILLS TO BE
5 DEVELOPED;

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

7 (III) A DESCRIPTION OF THE CRITERIA FOR MONITORING,
8 ASSESSING, AND CREDENTIALING; AND

9 (IV) EVIDENCE OF APPROVAL BY APPROPRIATE SCHOOL
10 PERSONNEL.

11 (4) THE PROGRAM SHALL:

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

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

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

21 (2) AN EMPLOYER MAY CLAIM A TAX CREDIT IN AN AMOUNT EQUAL TO
22 15% OF THE WAGES PAID TO EACH YOUTH DURING THE TAXABLE YEAR UNDER A
23 WORK-BASED LEARNING PROGRAM THAT HAS BEEN APPROVED BY THE
24 DEPARTMENT AS QUALIFYING FOR THE TAX CREDIT UNDER THIS SECTION.

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

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

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

33 (II) THE EXPIRATION OF THE FIFTH TAXABLE YEAR IN WHICH THE
34 CONTRIBUTION WAS MADE.

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

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

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

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

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

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

14 **Article - Tax - General**

15 10-722.

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

20 SECTION 2. AND BE IT FURTHER ENACTED, That the State Department of
21 Education shall evaluate the effectiveness of the tax credit provided under this Act.
22 The Department shall include in this study the number of businesses qualifying for
23 the tax credits, the types of businesses qualifying for the credits, and the amount of
24 credits granted. The Department shall report its findings to the Senate Budget and
25 Taxation Committee and the House Committee on Ways and Means on or before
26 November 1, 2003.

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

33 SECTION 4. AND BE IT FURTHER ENACTED, That this Act shall take effect
34 July 1, 2001 and shall be applicable to all taxable years beginning after December 31,
35 2001.

