

SENATE BILL 807

Unofficial Copy
Q3

2001 Regular Session
11r2828
CF 11r1963

By: **Senator McFadden**

Introduced and read first time: February 14, 2001

Assigned to: Rules

A BILL ENTITLED

1 AN ACT concerning

2 **Income Tax - Credit for Placement and Retention Fees Paid to Qualified Job**
3 **Training Programs**

4 FOR the purpose of allowing a credit against the State income tax for certain
5 placement and retention fees paid by certain business entities for hiring certain
6 qualified graduates; providing for the calculation and use of the credit; defining
7 certain terms; requiring a certain certification from the Department of Labor,
8 Licensing, and Regulation prior to claiming the credit; providing for the
9 administration of the tax credits; requiring that a certain report be completed;
10 requiring the Comptroller to adopt certain regulations; providing for the
11 application and termination of this Act; and generally relating to tax credits for
12 certain placement and retention fees paid by certain business entities.

13 BY adding to
14 Article - Labor and Employment
15 Section 11-701 and 11-702 to be under the new subtitle "Subtitle 7. Job
16 Training Program"
17 Annotated Code of Maryland
18 (1999 Replacement Volume and 2000 Supplement)

19 BY adding to
20 Article - Tax - General
21 Section 10-722
22 Annotated Code of Maryland
23 (1997 Replacement Volume and 2000 Supplement)

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

1 **Article - Labor and Employment**

2 SUBTITLE 7. JOB TRAINING PROGRAM.

3 11-701.

4 (A) IN THIS SUBTITLE THE FOLLOWING WORDS HAVE THE MEANINGS
5 INDICATED.

6 (B) "BUSINESS ENTITY" MEANS:

7 (1) A PERSON CONDUCTING OR OPERATING A TRADE OR BUSINESS IN
8 MARYLAND;9 (2) AN ORGANIZATION OPERATING IN MARYLAND THAT IS EXEMPT
10 FROM TAXATION UNDER § 501(C)(3) OR (4) OF THE INTERNAL REVENUE CODE.11 (C) "QUALIFIED JOB TRAINING PROGRAM" MEANS A JOB TRAINING PROGRAM
12 CERTIFIED BY THE DEPARTMENT THAT:13 (1) IS OPERATED BY A NONPROFIT ORGANIZATION THAT IS EXEMPT
14 FROM TAXATION UNDER § 501(C)(3) OF THE INTERNAL REVENUE CODE;

15 (2) SPENDS AT LEAST \$5,000 PER GRADUATE OF THE PROGRAM;

16 (3) PROVIDES EDUCATION AND TRAINING IN:

17 (I) BASIC SKILLS, INCLUDING READING, WRITING, MATHEMATICS,
18 AND COMMUNICATIONS;19 (II) THINKING SKILLS, INCLUDING REASONING, CREATIVE
20 THINKING, DECISION MAKING, AND PROBLEM SOLVING; AND21 (III) PERSONAL QUALITIES, INCLUDING RESPONSIBILITY,
22 SELF-ESTEEM, SELF-MANAGEMENT, HONESTY, AND INTEGRITY;23 (4) PROVIDES INCOME SUPPLEMENTS, WHEN NEEDED, TO
24 PARTICIPANTS FOR HOUSING, COUNSELING, TUITION, AND BASIC NEEDS;

25 (5) LASTS AT LEAST 6 MONTHS;

26 (6) SERVES INDIVIDUALS WHO:

27 (I) ARE LEAST 18 YEARS OLD;

28 (II) HAVE HAD FEDERAL ADJUSTED GROSS INCOME OF LESS THAN
29 \$15,000 PER YEAR IN THE LAST 2 YEARS;30 (III) HAVE ASSETS OF LESS THAN \$7,000, EXCLUDING THE VALUE OF
31 RESIDENTIAL PROPERTY; AND

1 (IV) HAVE NOT BEEN CLAIMED AS A DEPENDENT ON THE FEDERAL
2 TAX RETURN OF ANOTHER PERSON IN THE PREVIOUS TAXABLE YEAR; AND

3 (7) CHARGE PLACEMENT AND RETENTION FEES THAT CUMULATIVELY
4 EXCEED THE AMOUNT OF CREDIT CERTIFICATES PROVIDED TO THE EMPLOYER BY
5 AT LEAST 20%.

6 (D) "QUALIFIED GRADUATE" MEANS A GRADUATE OF A QUALIFIED JOB
7 TRAINING PROGRAM WHO:

8 (1) IS PLACED IN A JOB IN THE STATE THAT PAYS AT LEAST \$9 PER HOUR
9 OR ITS EQUIVALENT; OR

10 (2) IS RETAINED IN A JOB IN THE STATE THAT PAYS AT LEAST \$10 PER
11 HOUR OR ITS EQUIVALENT AT THE END OF THE FIRST AND SECOND YEARS OF
12 EMPLOYMENT.

13 11-702.

14 (A) EXCEPT AS PROVIDED IN SUBSECTION (G) OF THIS SECTION, A BUSINESS
15 ENTITY MAY CLAIM A TAX CREDIT IN THE AMOUNT DETERMINED UNDER
16 SUBSECTION (B) OF THIS SECTION FOR PLACEMENT AND RETENTION FEES PAID TO A
17 QUALIFIED JOB TRAINING PROGRAM.

18 (B) THE CREDIT ALLOWED UNDER THIS SECTION IS EQUAL TO THE SUM OF:

19 (1) PLACEMENT FEES PAID TO A QUALIFIED JOB TRAINING PROGRAM
20 UPON HIRING A QUALIFIED GRADUATE OF THE PROGRAM; AND

21 (2) RETENTION FEES PAID TO A QUALIFIED JOB TRAINING PROGRAM
22 FOR RETENTION OF A QUALIFIED GRADUATE OF THE PROGRAM.

23 (C) THE CREDIT ALLOWED UNDER THIS SECTION MAY NOT EXCEED:

24 (1) \$8,000 FOR PLACEMENT FEES FOR EACH QUALIFIED GRADUATE IN
25 THE YEAR HIRED; AND

26 (2) \$6,000 FOR RETENTION FEES FOR EACH QUALIFIED GRADUATE
27 RETAINED AS AN EMPLOYEE.

28 (D) A CREDIT IS ALLOWED ONLY UP TO THE DOLLAR AMOUNT OF
29 CERTIFICATES ISSUED UNDER SUBSECTION (G)(2) OF THIS SECTION AND PROVIDED
30 BY THE QUALIFIED JOB TRAINING PROGRAM TO THE BUSINESS ENTITY.

31 (E) IN ORDER FOR RETENTION FEES TO QUALIFY FOR THE CREDIT UNDER
32 THIS SECTION, THE RETENTION FEES MUST BE PAID IN THE 2ND AND 3RD YEARS
33 AFTER THE QUALIFIED GRADUATE IS HIRED.

34 (F) A BUSINESS ENTITY, OTHER THAN THE BUSINESS ENTITY THAT
35 ORIGINALLY HIRED THE QUALIFIED GRADUATE, MAY RECEIVE A CREDIT FOR
36 RETENTION FEES PAID FOR THE QUALIFIED GRADUATE.

1 (G) (1) THE TOTAL AMOUNT OF CREDITS UNDER THIS SECTION IS LIMITED
2 TO \$1,200,000 FOR TAXABLE YEARS BEGINNING AFTER DECEMBER 31, 2000, AND
3 BEFORE JANUARY 1, 2006.

4 (2) THE DEPARTMENT MAY ISSUE UNDER PARAGRAPH (4) OF THIS
5 SUBSECTION NO MORE THAN THE SPECIFIED AMOUNT OF CERTIFICATES FOR
6 TAXABLE YEARS BEGINNING DURING EACH CALENDAR YEAR:

7 (I) \$100,000 FOR 2001;

8 (II) \$200,000 FOR 2002;

9 (III) \$300,000 FOR 2003;

10 (IV) \$300,000 FOR 2004; AND

11 (V) \$300,000 FOR 2005.

12 (3) UNUSED CERTIFICATES FOR A TAXABLE YEAR MAY BE CARRIED
13 OVER AND MAY BE USED FOR A LATER TAXABLE YEAR, REGARDLESS OF WHEN
14 ISSUED BY THE DEPARTMENT.

15 (4) (I) UPON APPLICATION, THE DEPARTMENT SHALL ISSUE
16 CERTIFICATES TO QUALIFIED JOB TRAINING PROGRAMS, CERTIFIED UNDER
17 SUBSECTION (H) OF THIS SECTION, UP TO THE DOLLAR AMOUNT AVAILABLE FOR THE
18 TAXABLE YEAR.

19 (II) THE CERTIFICATES SHALL BE IN A DOLLAR AMOUNT NOT TO
20 EXCEED THE DOLLAR AMOUNT APPLIED FOR AND SHALL REFLECT THE
21 DEPARTMENT'S ESTIMATE OF THE QUALIFIED JOB TRAINING PROGRAM'S
22 PROJECTED FEES FOR PLACEMENTS AND RETENTIONS OF QUALIFIED GRADUATES.

23 (III) THE DEPARTMENT SHALL ISSUE THE CERTIFICATES IN THE
24 ORDER IN WHICH APPLICATIONS ARE RECEIVED UNTIL THE AVAILABLE AUTHORITY
25 HAS BEEN ISSUED.

26 (5) TO THE EXTENT AVAILABLE, THE QUALIFIED JOB TRAINING
27 PROGRAM SHALL PROVIDE BUSINESS ENTITY EMPLOYERS OF ITS QUALIFIED
28 GRADUATES CERTIFICATES ISSUED BY THE DEPARTMENT.

29 (H) (1) EACH QUALIFIED JOB TRAINING PROGRAM CERTIFIED BY THE
30 DEPARTMENT SHALL COMPLY WITH THE REQUIREMENTS OF THIS SUBSECTION.

31 (2) (I) EACH QUALIFIED JOB TRAINING PROGRAM SHALL MAINTAIN
32 RECORDS FOR EACH QUALIFIED GRADUATE FOR WHICH THE PROGRAM PROVIDES A
33 CREDIT CERTIFICATE TO A BUSINESS ENTITY.

34 (II) THE RECORDS SHALL INCLUDE:

35 1. INFORMATION SUFFICIENT TO VERIFY THE ELIGIBILITY
36 OF THE QUALIFIED GRADUATE UNDER THIS SECTION;

