

HOUSE BILL 1166

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Q3
HB 662/01 - W&M

2002 Regular Session
2lr0935

By: **Delegates Cryor, Clagett, Dembrow, Glassman, Redmer, Stern, Pielke,
Eckardt, Kagan, Mohorovic, Minnick, Klima, Shank, Stocksdale,
Walkup, and Brinkley**

Introduced and read first time: February 8, 2002

Assigned to: Ways and Means

A BILL ENTITLED

1 AN ACT concerning

2 **Tax Credit for Costs of Providing Teleworker Benefits to Employees**

3 FOR the purpose of allowing a certain credit against the State income tax for certain
4 costs incurred by employers that provide certain teleworker benefits to
5 employees; providing for the maximum amount of credit per year per employee;
6 defining certain terms; providing for the application of this Act; and generally
7 relating to a tax credit against the State income tax for employer-provided
8 teleworker benefits to employees.

9 BY adding to

10 Article - Transportation
11 Section 2-701 and 2-702 to be under the new subtitle "Subtitle 7. Tax Credits
12 for Employer-Provided Teleworker Benefits"
13 Annotated Code of Maryland
14 (2001 Replacement Volume)

15 BY adding to

16 Article - Tax - General
17 Section 10-724
18 Annotated Code of Maryland
19 (1997 Replacement Volume and 2001 Supplement)

20 Preamble

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

24 WHEREAS, When employees work in more convenient locations, lost time from
25 sick days, late arrivals, and stressful commutes is translated into productive work
26 periods; and

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

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

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

9 WHEREAS, Fewer or shorter commutes mean less air pollution and the
10 conservation of gasoline and other energy sources; and

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

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

16 **Article - Transportation**

17 **SUBTITLE 7. TAX CREDITS FOR EMPLOYER-PROVIDED TELEWORKER BENEFITS.**

18 2-701.

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

21 (B) "BUSINESS ENTITY" MEANS:

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

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

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

29 2-702.

30 (A) (1) A BUSINESS ENTITY MAY CLAIM A TAX CREDIT AGAINST THE STATE
31 INCOME TAX FOR ELIGIBLE COSTS INCURRED TO ENABLE AN EMPLOYEE WHO
32 RESIDES OR WORKS IN THE STATE TO TELEWORK.

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

1 (I) 28% OF THE ELIGIBLE COSTS FOR AN EMPLOYEE WHO
2 TELEWORKS 4 OR MORE DAYS PER WEEK;

3 (II) 15% OF THE ELIGIBLE COSTS FOR AN EMPLOYEE WHO
4 TELEWORKS 3 DAYS PER WEEK;

5 (III) 10% OF THE ELIGIBLE COSTS FOR AN EMPLOYEE WHO
6 TELEWORKS 2 DAYS PER WEEK; AND

7 (IV) 5% OF THE COSTS FOR AN EMPLOYEE WHO TELEWORKS 1 DAY
8 PER WEEK.

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

11 (I) \$1,120 PER EMPLOYEE WHO TELEWORKS 4 OR MORE DAYS PER
12 WEEK;

13 (II) \$600 PER EMPLOYEE WHO TELEWORKS 3 DAYS PER WEEK;

14 (III) \$400 PER EMPLOYEE WHO TELEWORKS 2 DAYS PER WEEK; AND

15 (IV) \$200 PER EMPLOYEE WHO TELEWORKS 1 DAY PER WEEK.

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

18 (C) THE TAX CREDIT DOES NOT APPLY TO:

19 (1) AN EMPLOYEE WHOSE JOB FUNCTION REQUIRES THAT THE
20 MAJORITY OF THE EMPLOYEE'S DUTIES BE PERFORMED OUTSIDE OF THE
21 WORKPLACE; OR

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

23 **Article - Tax - General**

24 10-724.

25 AN INDIVIDUAL OR CORPORATION MAY CLAIM A CREDIT AGAINST THE STATE
26 INCOME TAX FOR THE COST OF PROVIDING TELEWORK BENEFITS TO THE BUSINESS
27 ENTITY'S EMPLOYEE AS PROVIDED UNDER § 2-702 OF THE TRANSPORTATION
28 ARTICLE.

29 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
30 July 1, 2002, and shall be applicable to all taxable years beginning after December 31,
31 2002.