Unofficial Copy Q3 HB 662/01 - W&M 2002 Regular Session 2lr0935

By: Delegates Cryor, Pitkin, Hecht, 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 Committee Report: Favorable with amendments House action: Adopted Read second time: March 22, 2002 CHAPTER 1 AN ACT concerning 2 Teleworker Tax Credit for Costs of Providing Teleworker Benefits to 3 **Employees** Pilot Program FOR the purpose of establishing a Teleworker Tax Credit Pilot Program in Frederick 4 County, Montgomery County, and Prince George's County; allowing a certain 5 6 credit against the State income tax for certain costs incurred by employers that provide certain teleworker benefits to employees; providing for the maximum 7 amount of credit per year per employee limiting the credit allowed for any 8 9 taxable year for each eligible taxpayer to a certain maximum amount approved by the Secretary of Transportation; providing for applications to the Secretary 10 for approval of the credit and certification by the Secretary to applicants of 11 12 maximum approved credit amounts; limiting the total amount of credits that the 13 Secretary may approve in any year; requiring the Secretary to approve the

the application of this Act; and generally relating to <u>a pilot program for</u> a tax credit against the State income tax for employer-provided teleworker benefits to employees.

22 BY adding to

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18 19

- 23 Article Transportation
- Section 2-701 and 2-702 to be under the new subtitle "Subtitle 7. Teleworker

credit on a certain basis if the total amount applied for exceeds a certain

maximum; requiring the Secretary to submit a certain annual report to the Comptroller and the General Assembly regarding applications for the credit and

approval of the tax credit; requiring the Secretary to adopt certain regulations;

providing for the termination of this Act; defining certain terms; providing for

25 Tax Credits Credit for Employer-Provided Teleworker Benefits Pilot

1	<u>Program</u> "
2	Annotated Code of

- 2 Annotated Code of Maryland
- 3 (2001 Replacement Volume)
- 4 BY adding to
- 5 Article Tax General
- 6 Section 10-724
- 7 Annotated Code of Maryland
- 8 (1997 Replacement Volume and 2001 Supplement)
- 9 Preamble
- 10 WHEREAS, Workers are an organization's greatest asset and offering a
- 11 telework option can help retain valued employees and recruit the best new employees
- 12 from a larger pool of skilled workers; and
- WHEREAS, When employees work in more convenient locations, lost time from
- 14 sick days, late arrivals, and stressful commutes is translated into productive work
- 15 periods; and
- WHEREAS, By focusing on work, and not stressful commutes or office
- 17 distractions, workers can enjoy managing their own time, assuming responsibility,
- 18 and the higher quality of work that results; and
- 19 WHEREAS, Maryland's communities can benefit from teleworking, which gives
- 20 workers more time to spend at home with their families; and
- 21 WHEREAS, Having fewer commuters on the roads, especially at peak hours,
- 22 lowers the cost of road maintenance and the demand for building new highways, and
- 23 improves the quality of life for area residents; and
- 24 WHEREAS, Fewer or shorter commutes mean less air pollution and the
- 25 conservation of gasoline and other energy sources; and
- 26 WHEREAS, By lowering the wasted economic cost of traffic congestion and
- 27 making the region a more attractive place to live and do business, teleworking can
- 28 improve the region's overall economic health; now, therefore,
- 29 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF
- 30 MARYLAND, That the Laws of Maryland read as follows:

1	Article - Transportation
2	SUBTITLE 7. TAX CREDITS FOR EMPLOYER PROVIDED TELEWORKER BENEFITS TELEWORKER TAX CREDIT PILOT PROGRAM.
4	2-701.
5 6	(A) IN THIS SECTION THE FOLLOWING WORDS HAVE THE MEANINGS INDICATED.
7	(B) "BUSINESS ENTITY" MEANS <u>AN EMPLOYER WHO</u> :
	(1) A PERSON CONDUCTING OR OPERATING A TRADE OR BUSINESS IN MARYLAND; OR MAINTAINS AT LEAST ONE PHYSICAL LOCATION IN FREDERICK COUNTY, MONTGOMERY COUNTY, OR PRINCE GEORGE'S COUNTY; AND
	(2) AN ORGANIZATION OPERATING IN MARYLAND THAT IS EXEMPT FROM TAXATION UNDER § 501(C)(3) OR (4) OF THE INTERNAL REVENUE CODE HAS A TOTAL WORKFORCE OF AT LEAST 20 EMPLOYEES.
	(C) "ELIGIBLE COSTS" MEANS EXPENDITURES FOR EQUIPMENT, TELECOMMUNICATIONS SERVICES, AND ANY OTHER REASONABLE COSTS THAT ENABLE AN EMPLOYEE TO TELEWORK.
17	2-702.
18 19	THERE IS A TELEWORKER TAX CREDIT PILOT PROGRAM IN FREDERICK COUNTY, MONTGOMERY COUNTY, AND PRINCE GEORGE'S COUNTY.
20	<u>2-703.</u>
	(A) (1) A BUSINESS ENTITY MAY CLAIM A TAX CREDIT AGAINST THE STATE INCOME TAX FOR ELIGIBLE COSTS INCURRED TO ENABLE AN EMPLOYEE WHO RESIDES OR WORKS IN THE STATE TO TELEWORK.
24	(2) THE TAX CREDIT SHALL BE EQUAL TO <u>THE LESSER OF</u> :
25 26	(I) 28% OF THE ELIGIBLE COSTS FOR AN EMPLOYEE WHO TELEWORKS 4 OR MORE DAYS PER WEEK;
27 28	(II) 15% OF THE ELIGIBLE COSTS FOR AN EMPLOYEE WHO TELEWORKS 3 DAYS PER WEEK;
29 30	(III) 10% OF THE ELIGIBLE COSTS FOR AN EMPLOYEE WHO TELEWORKS 2 DAYS PER WEEK; AND
31 32	(IV) 5% OF THE COSTS FOR AN EMPLOYEE WHO TELEWORKS 1 DAY PER WEEK.
	(B) (1) THE CREDIT ALLOWED UNDER THIS SECTION MAY NOT EXCEED, FOR ANY TAXABLE YEAR:

1 2	<del>WEEK;</del>	<del>(I)</del>	\$1,120 PER EMPLOYEE WHO TELEWORKS 4 OR MORE DAYS PER
3		<del>(II)</del>	\$600 PER EMPLOYEE WHO TELEWORKS 3 DAYS PER WEEK;
4		<del>(III)</del>	\$400 PER EMPLOYEE WHO TELEWORKS 2 DAYS PER WEEK; AND
5		<del>(IV)</del>	\$200 PER EMPLOYEE WHO TELEWORKS 1 DAY PER WEEK.
6 7	( <del>2)</del> ANY TAXABLE		NUSED AMOUNT OF THE CREDIT UNDER THIS SECTION FOR Y NOT BE CARRIED OVER TO ANY OTHER TAXABLE YEAR.
8 9	TAXABLE YEAR	( <u>I)</u> 2; OR	10% OF THE ELIGIBLE COSTS OF A BUSINESS ENTITY FOR THE
10		<u>(II)</u>	<u>\$10,000.</u>
11	(C) THE	TAX CREI	DIT DOES NOT APPLY TO:
	(1) MAJORITY OF T WORKPLACE; <del>(</del>	THE EMPLO	PLOYEE WHOSE JOB FUNCTION REQUIRES THAT THE DYEE'S DUTIES BE PERFORMED OUTSIDE OF THE
15 16	(2) EQUIPMENT TH		PLOYEE WHO TELEWORKS LESS THAN 2 DAYS A MONTH D FOR FEWER THAN 45 DAYS PER CALENDAR YEAR; OR
17	<u>(3)</u>	<u>EQUIP</u>	MENT THAT IS NOT USED FOR A HOME-BASED BUSINESS.
		HE TAXPA	LLOWED UNDER THIS SECTION MAY NOT EXCEED THE TAX AYER AND MAY NOT BE CARRIED FORWARD TO A
		PLICATION	BEFORE OCTOBER 1 OF EACH YEAR, A BUSINESS ENTITY MAY N TO THE SECRETARY FOR APPROVAL OF THE CREDIT FOR A GINS IN THE NEXT CALENDAR YEAR.
24 25	(2) SECRETARY EA	<u>(I)</u> ACH YEAR	THE TOTAL AMOUNT OF CREDITS APPROVED BY THE UNDER THIS SECTION MAY NOT EXCEED \$250,000.
28	THIS PARAGRA	PH, THE SI	IF THE TOTAL AMOUNT OF CREDITS APPLIED FOR BY ALL SEDS THE MAXIMUM SPECIFIED IN SUBPARAGRAPH (I) OF ECRETARY SHALL APPROVE A CREDIT UNDER THIS SECTION REQUESTS WERE RECEIVED.
32	APPROVED FOR	Y TO EACH	BEFORE NOVEMBER 15 OF EACH YEAR, THE SECRETARY I BUSINESS ENTITY THE MAXIMUM AMOUNT OF THE CREDIT INESS ENTITY UNDER THIS SECTION FOR THE TAXABLE HE NEXT CALENDAR YEAR.

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1 TO CLAIM THE CREDIT UNDER THIS SECTION, A BUSINESS ENTITY (4) 2 SHALL ATTACH A COPY OF THE SECRETARY'S CERTIFICATION OF THE MAXIMUM 3 APPROVED CREDIT AMOUNT TO THE ELIGIBLE TAXPAYER'S INCOME TAX RETURN. ON OR BEFORE DECEMBER 15 OF EACH YEAR, THE SECRETARY SHALL 5 SUBMIT TO THE COMPTROLLER AND, SUBJECT TO § 2-1246 OF THE STATE 6 GOVERNMENT ARTICLE, THE PRESIDENT OF THE SENATE AND THE SPEAKER OF THE 7 HOUSE OF DELEGATES A REPORT ON THE TAX CREDIT APPROVED UNDER THIS 8 SECTION FOR THE TAXABLE YEAR THAT BEGINS IN THE NEXT CALENDAR YEAR, 9 INCLUDING: THE TOTAL NUMBER OF BUSINESS ENTITIES THAT APPLIED FOR TAX 10 (1) 11 CREDITS AND THE TOTAL NUMBER OF BUSINESS ENTITIES APPROVED; 12 THE TOTAL TAX CREDITS SOUGHT BY ALL BUSINESS ENTITIES AND 13 THE TOTAL MAXIMUM AMOUNT OF CREDIT APPROVED BY THE SECRETARY FOR ALL 14 BUSINESS ENTITIES; AND FOR EACH BUSINESS ENTITY APPROVED: 15 (3) THE NAME AND PHYSICAL LOCATION OF THE BUSINESS ENTITY 16 (I) 17 IN THE STATE; 18 (II)THE NUMBER OF EMPLOYEES THAT WOULD BE PERFORMING 19 SERVICES FOR THE BUSINESS ENTITY UNDER A TELEWORKING ARRANGEMENT AND 20 FOR WHOM THE BUSINESS ENTITY IS SEEKING THE CREDIT; THE TOTAL QUALIFIED TELEWORK EXPENSES WITH RESPECT 21 22 TO EACH EMPLOYEE PERFORMING SERVICES FOR THE BUSINESS ENTITY UNDER A 23 TELEWORKING ARRANGEMENT; AND 24 THE MAXIMUM AMOUNT OF THE CREDIT SOUGHT BY A (IV) 25 BUSINESS ENTITY AND THE MAXIMUM AMOUNT OF THE CREDIT APPROVED FOR 26 EACH BUSINESS ENTITY. THE SECRETARY SHALL ADOPT REGULATIONS NECESSARY TO 27 (G) 28 ADMINISTER THIS SECTION. **Article - Tax - General** 29 30 10-724. AN INDIVIDUAL OR CORPORATION MAY CLAIM A CREDIT AGAINST THE STATE 31 32 INCOME TAX FOR THE COST OF PROVIDING TELEWORK BENEFITS TO THE BUSINESS 33 ENTITY'S EMPLOYEE AS PROVIDED UNDER § 2-702 OF THE TRANSPORTATION 34 ARTICLE.

SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect 36 July 1, 2002, and shall be applicable to all taxable years beginning after December 31, 37 2002. It shall remain effective for a period of 5 years and, at the end of June 30, 2007,

- 1 with no further action required by the General Assembly, this Act shall be abrogated
   2 and of no further force and effect.