

SENATE BILL 454

Unofficial Copy
Q3

2002 Regular Session
(2r1915)

ENROLLED BILL

-- Budget and Taxation/Ways and Means --

Introduced by **Senators McFadden, Blount, Conway, Currie, Exum, Hughes,
Kelley, Lawlah, and Mitchell**

Read and Examined by Proofreaders:

Proofreader.

Proofreader.

Sealed with the Great Seal and presented to the Governor, for his approval this
____ day of _____ at _____ o'clock, ____ M.

President.

CHAPTER _____

1 AN ACT concerning

2 **Pilot Program for Long-Term Employment of Qualified Ex-Felons**

3 FOR the purpose of creating a Pilot Program for Long-Term Employment of Qualified
4 Ex-Felons; requiring the Department of ~~Public Safety and Correctional Services~~
5 Labor, Licensing, and Regulation to establish the pilot program in consultation
6 with the Governor's Workforce Investment Board; requiring the Department to
7 purchase certain bonds for a certain number of qualified ex-felons each year
8 and to provide certain bonds to certain one-stop career centers; requiring that
9 the pilot program be implemented by certain one-stop career centers in a
10 certain number of Workforce Investment Areas; requiring a one-stop center that
11 participates in the pilot program to work with certain entities to encourage
12 referral and participation of qualified ex-felons, to provide certain outreach and
13 education, and to develop a certain evaluation process; requiring a one-stop
14 center to apply to the Department for designation as a pilot program location;
15 requiring the Department in consultation with the Governor's Workforce
16 Investment Board to designate certain one-stop centers as pilot program

1 locations and to consider certain information; allowing a credit against the State
 2 income tax for certain wages paid by certain business entities with respect to
 3 certain ex-felon employees; providing for the calculation and use of the credit;
 4 defining certain terms; requiring a certain addition modification if a certain
 5 credit is claimed; requiring a certain certification prior to claiming the credit;
 6 prohibiting an employer from claiming the credit under certain circumstances;
 7 providing for the administration of the tax credits; requiring the Department of
 8 ~~Public Safety and Correctional Services~~ Labor, Licensing, and Regulation to
 9 adopt certain regulations; requiring the Comptroller to adopt certain
 10 regulations; providing for the application of this Act; providing for the
 11 termination of this Act; providing for the effective date of certain provisions of
 12 this Act; providing for the termination of certain provisions of this Act; and
 13 generally relating to the Pilot Program for Long-Term Employment of Qualified
 14 Ex-Felons.

15 BY adding to

16 Article - Labor and Employment Section 11-701 through 11-705 to be under
 17 the new subtitle "Subtitle 7. Pilot Program for the Long-Term
 18 Employment of Qualified Ex-Felons"
 19 Annotated Code of Maryland
 20 (1999 Replacement Volume and 2001 Supplement)

21 ~~BY adding to~~

22 ~~Article - Correctional Services~~
 23 ~~Section 2-401 through 2-405 to be under the new subtitle "Subtitle 4. Pilot~~
 24 ~~Program for Long-Term Employment of Qualified Ex-Felons"~~
 25 ~~Annotated Code of Maryland~~
 26 ~~(1999 Volume and 2001 Supplement)~~

27 BY repealing and reenacting, with amendments,

28 Article - Tax - General
 29 Section 10-205(b) and 10-306(b)
 30 Annotated Code of Maryland
 31 (1997 Replacement Volume and 2001 Supplement)

32 BY repealing and reenacting, with amendments,

33 Article - Tax - General
 34 Section 10-205(b) and 10-306(b)
 35 Annotated Code of Maryland
 36 (1997 Replacement Volume and 2001 Supplement)
 37 (As enacted by Chapter 492 of the Acts of 1995)

38 BY adding to

39 Article - Tax - General
 40 Section 10-704.10

1 Annotated Code of Maryland
2 (1997 Replacement Volume and 2001 Supplement)

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

5 **Article - ~~Correctional Services~~ Labor and Employment**

6 SUBTITLE 4. 7. PILOT PROGRAM FOR LONG-TERM EMPLOYMENT OF QUALIFIED
7 EX-FELONS.

8 ~~2-401. 11-701.~~

9 (A) IN THIS SUBTITLE THE FOLLOWING WORDS HAVE THE MEANINGS
10 INDICATED.

11 (B) "BOARD" MEANS THE GOVERNOR'S WORKFORCE INVESTMENT BOARD
12 ESTABLISHED BY THE GOVERNOR UNDER ~~TITLE 11, SUBTITLE 5 OF THE LABOR AND~~
13 ~~EMPLOYMENT ARTICLE~~ SUBTITLE 5 OF THIS TITLE.

14 (C) "BUSINESS ENTITY" MEANS:

15 (1) A PERSON CONDUCTING OR OPERATING A TRADE OR BUSINESS IN
16 MARYLAND; OR

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

19 (D) "FIDELITY BOND" MEANS A BOND PROVIDED TO AN EMPLOYER FOR THE
20 BONDING OF EX-OFFENDERS PROVIDED THROUGH THE FEDERAL BONDING
21 PROGRAM OR OTHER SIMILAR PROGRAM APPROVED BY THE UNITED STATES
22 DEPARTMENT OF LABOR.

23 (E) "ONE-STOP CENTER" MEANS AN ENTITY DESIGNATED WITHIN A
24 WORKFORCE INVESTMENT AREA THAT PROVIDES EMPLOYMENT TRAINING AND
25 SERVICES UNDER ~~TITLE 11, SUBTITLE 5 OF THE LABOR AND EMPLOYMENT ARTICLE~~
26 SUBTITLE 5 OF THIS TITLE.

27 (F) "PILOT PROGRAM" MEANS THE PILOT PROGRAM FOR LONG-TERM
28 EMPLOYMENT OF QUALIFIED EX-FELONS ESTABLISHED UNDER THIS SUBTITLE.

29 (G) (1) "QUALIFIED EX-FELON EMPLOYEE" MEANS A QUALIFIED EX-FELON,
30 WITHIN THE MEANING OF § 51(D)(4) OF THE INTERNAL REVENUE CODE, WHO IS
31 EMPLOYED BY A BUSINESS ENTITY THROUGH THE PILOT PROGRAM UNDER THIS
32 SUBTITLE.

33 (2) "QUALIFIED EX-FELON EMPLOYEE" DOES NOT INCLUDE AN
34 INDIVIDUAL WHO IS THE SPOUSE OF, OR HAS ANY OF THE RELATIONSHIPS
35 SPECIFIED IN § 152(A)(1) THROUGH (8) OF THE INTERNAL REVENUE CODE TO, A

1 PERSON WHO CONTROLS, DIRECTLY OR INDIRECTLY, MORE THAN 50% OF THE
2 OWNERSHIP OF THE BUSINESS ENTITY.

3 (H) "WAGES" MEANS WAGES WITHIN THE MEANING OF § 51(C)(1), (2), AND (3) OF
4 THE INTERNAL REVENUE CODE WITHOUT REGARD TO § 51(C)(4) OF THE INTERNAL
5 REVENUE CODE THAT ARE PAID BY A BUSINESS ENTITY TO AN EMPLOYEE FOR
6 SERVICES PERFORMED IN A TRADE OR BUSINESS OF THE EMPLOYER.

7 (I) "WORKFORCE INVESTMENT AREA" MEANS A WORKFORCE INVESTMENT
8 AREA DESIGNATED BY THE GOVERNOR UNDER ~~TITLE 11, SUBTITLE 5 OF THE LABOR~~
9 ~~AND EMPLOYMENT ARTICLE~~ SUBTITLE 5 OF THIS TITLE.

10 ~~2-402, 11-702.~~

11 (A) THERE IS A PILOT PROGRAM FOR LONG-TERM EMPLOYMENT OF
12 EX-FELONS TO PROVIDE INCENTIVES TO BUSINESS ENTITIES TO ENCOURAGE THE
13 LONG-TERM EMPLOYMENT OF QUALIFIED EX-FELON EMPLOYEES.

14 (B) (1) ON OR BEFORE JANUARY 1, 2003, THE DEPARTMENT, IN
15 CONSULTATION WITH THE BOARD, SHALL ESTABLISH A PILOT PROGRAM FOR THE
16 EMPLOYMENT OF EX-FELONS PROVIDED IN ~~§ 2-403~~ § 11-703 OF THIS SUBTITLE.

17 (2) THE PILOT PROGRAM ESTABLISHED UNDER THIS SUBTITLE SHALL
18 REMAIN IN PLACE FOR A PERIOD OF ~~3~~ 2 YEARS AND SHALL TERMINATE AT THE END
19 OF DECEMBER 31, ~~2005~~ 2004.

20 (C) THE PURPOSE OF THE PILOT PROGRAM IS TO IMPLEMENT A PROGRAM IN
21 AT LEAST TWO AREAS OF THE STATE TO PROVIDE FIDELITY BONDS AND TO QUALIFY
22 BUSINESS ENTITIES FOR TAX CREDITS TO ENCOURAGE THE LONG-TERM
23 EMPLOYMENT OF QUALIFIED EX-FELON EMPLOYEES UNDER THE PILOT PROGRAM.

24 (D) THE DEPARTMENT SHALL:

25 (1) PURCHASE THE NECESSARY AMOUNT OF FIDELITY BONDS TO
26 PROVIDE BONDS TO BUSINESS ENTITIES FOR A FULL YEAR OF EMPLOYMENT FOR UP
27 TO ~~600~~ 200 150 QUALIFIED EX-FELONS EACH YEAR; AND

28 (2) PROVIDE THE FIDELITY BONDS PURCHASED EACH YEAR TO THE
29 ONE-STOP CENTERS IN THE WORKFORCE INVESTMENT AREAS DESIGNATED UNDER
30 ~~§ 2-403~~ § 11-703 OF THIS SUBTITLE.

31 (E) THE PILOT PROGRAM SHALL:

32 (1) BE IMPLEMENTED IN ONE-STOP CENTERS IN AT LEAST TWO
33 WORKFORCE INVESTMENT AREAS OF THE STATE AS DESIGNATED BY THE
34 DEPARTMENT IN CONSULTATION WITH THE BOARD UNDER ~~§ 2-403~~ § 11-703 OF THIS
35 SUBTITLE; AND

36 (2) PROVIDE FIDELITY BONDS TO BUSINESS ENTITIES THROUGH THE
37 ONE-STOP CENTERS IN TWO OR MORE AREAS OF THE STATE AS DESIGNATED UNDER

1 ~~§ 2-403~~ § 11-703 FOR THE EMPLOYMENT OF UP TO ~~600~~ 200 150 QUALIFIED EX-FELONS
2 EACH YEAR.

3 (F) THE PILOT PROGRAM SHALL REQUIRE A ONE-STOP CENTER THAT IS
4 DESIGNATED FOR PARTICIPATION IN THE PILOT PROGRAM TO:

5 (1) WORK WITH APPROPRIATE COMMUNITY ORGANIZATIONS AND STATE
6 AND LOCAL GOVERNMENT ENTITIES THAT PROVIDE SERVICES TO QUALIFIED
7 EX-FELONS TO ENCOURAGE THE REFERRAL AND PARTICIPATION OF QUALIFIED
8 EX-FELONS IN THE PROGRAM;

9 (2) PROVIDE OUTREACH AND EDUCATION EFFORTS TO ENCOURAGE
10 BUSINESS ENTITIES TO HIRE QUALIFIED EX-FELONS FOR LONG-TERM
11 EMPLOYMENT UNDER THE PILOT PROGRAM;

12 (3) PROVIDE A BUSINESS ENTITY THAT HIRES A QUALIFIED EX-FELON
13 UNDER THE PROGRAM WITH:

14 (I) A FIDELITY BOND FOR THE QUALIFIED EX-FELON THAT
15 COVERS AT LEAST 12 MONTHS OF EMPLOYMENT; AND

16 (II) INFORMATION ON THE TAX CREDITS AVAILABLE TO A
17 BUSINESS ENTITY THAT HIRES A QUALIFIED EX-FELON THROUGH THE PILOT
18 PROGRAM; AND

19 (4) DEVELOP AN EVALUATION PROCESS FOR THE PILOT PROGRAM THAT
20 INCLUDES A MECHANISM TO EVALUATE WHETHER THE PILOT PROGRAM HAS
21 OPERATED TO SECURE STABLE EMPLOYMENT OF QUALIFIED EX-FELONS THAT
22 HAVE PARTICIPATED IN THE PROGRAM.

23 ~~2-403~~ 11-703.

24 (A) A ONE-STOP CENTER SHALL APPLY TO THE DEPARTMENT FOR
25 DESIGNATION AS A LOCATION FOR THE PILOT PROGRAM.

26 (B) THE APPLICATION SHALL DESCRIBE THE PLAN TO BE IMPLEMENTED BY
27 THE ONE-STOP CENTER TO ADMINISTER THE REQUIREMENTS OF THE PILOT
28 PROGRAM AS PROVIDED IN ~~§ 2-402~~ § 11-702 OF THIS SUBTITLE.

29 (C) (1) THE DEPARTMENT, IN CONSULTATION WITH THE BOARD, SHALL
30 EVALUATE THE APPLICATIONS SUBMITTED BY ONE-STOP CENTERS AND SHALL
31 DESIGNATE ONE-STOP CENTERS IN AT LEAST TWO WORKFORCE INVESTMENT AREAS
32 AS PILOT PROGRAM LOCATIONS.

33 (2) THE DESIGNATION OF ONE-STOP CENTERS UNDER PARAGRAPH (1)
34 OF THIS SUBSECTION SHALL INCLUDE A CONSIDERATION OF THE NUMBER OF
35 QUALIFIED EX-FELONS RESIDING IN THE WORKFORCE INVESTMENT AREA IN WHICH
36 THE ONE-STOP CENTER IS LOCATED.

1 ~~2-404. 11-704.~~

2 (A) EXCEPT AS PROVIDED IN SUBSECTION (C) OF THIS SECTION, A BUSINESS
3 ENTITY THAT HIRES A QUALIFIED EX-FELON EMPLOYEE THROUGH THE PILOT
4 PROGRAM ESTABLISHED UNDER THIS SUBTITLE MAY CLAIM A TAX CREDIT IN THE
5 AMOUNTS DETERMINED UNDER SUBSECTION (B) OF THIS SECTION FOR WAGES PAID
6 TO A QUALIFIED EX-FELON EMPLOYEE.

7 (B) FOR EACH TAXABLE YEAR, FOR THE WAGES PAID TO EACH QUALIFIED
8 EX-FELON EMPLOYEE, A CREDIT IS ALLOWED IN AN AMOUNT EQUAL TO:

9 (1) 30% OF UP TO THE FIRST \$6,000 OF THE WAGES PAID TO THE
10 QUALIFIED EX-FELON EMPLOYEE DURING THE FIRST YEAR OF EMPLOYMENT; AND

11 (2) 20% OF UP TO THE FIRST \$6,000 OF THE WAGES PAID TO THE
12 QUALIFIED EX-FELON EMPLOYEE DURING THE SECOND YEAR OF EMPLOYMENT.

13 (C) (1) A BUSINESS ENTITY MAY NOT CLAIM THE CREDIT UNDER THIS
14 SECTION FOR AN EMPLOYEE:

15 (I) WHO IS HIRED TO REPLACE A LAID OFF EMPLOYEE OR TO
16 REPLACE AN EMPLOYEE WHO IS ON STRIKE; OR

17 (II) FOR WHOM THE BUSINESS ENTITY SIMULTANEOUSLY
18 RECEIVES FEDERAL OR STATE EMPLOYMENT TRAINING BENEFITS.

19 (2) A BUSINESS ENTITY MAY NOT CLAIM THE CREDIT UNDER THIS
20 SECTION UNTIL IT HAS NOTIFIED THE DEPARTMENT THAT A QUALIFIED EX-FELON
21 EMPLOYEE HAS BEEN HIRED.

22 (3) A BUSINESS ENTITY MAY CLAIM A CREDIT IN THE AMOUNT
23 PROVIDED IN PARAGRAPH (5) OF THIS SUBSECTION FOR AN EMPLOYEE WHOSE
24 EMPLOYMENT LASTS LESS THAN 1 YEAR IF THE EMPLOYEE:

25 (I) VOLUNTARILY TERMINATES EMPLOYMENT WITH THE
26 EMPLOYER;

27 (II) IS UNABLE TO CONTINUE EMPLOYMENT DUE TO A DISABILITY
28 OR DEATH; OR

29 (III) IS TERMINATED FOR CAUSE.

30 (4) A BUSINESS ENTITY MAY NOT CLAIM THE CREDIT UNDER THIS
31 SECTION IF THE BUSINESS ENTITY IS CLAIMING A TAX CREDIT FOR THE SAME
32 EMPLOYEE UNDER ARTICLE 88A, § 54 OF THE CODE OR § 21-309 OF THE EDUCATION
33 ARTICLE.

34 (5) (I) IF A BUSINESS ENTITY IS ENTITLED TO A TAX CREDIT FOR AN
35 EMPLOYEE WHO IS EMPLOYED FOR LESS THAN 1 YEAR BECAUSE THE EMPLOYEE
36 VOLUNTARILY TERMINATES EMPLOYMENT WITH THE EMPLOYER TO TAKE ANOTHER

1 JOB, THE BUSINESS ENTITY MAY CLAIM A TAX CREDIT OF 30% OF UP TO THE FIRST
2 \$6,000 OF THE WAGES PAID TO THE EMPLOYEE DURING THE COURSE OF
3 EMPLOYMENT.

4 (II) IF A BUSINESS ENTITY IS ENTITLED TO A TAX CREDIT FOR AN
5 EMPLOYEE WHO IS EMPLOYED FOR LESS THAN 1 YEAR FOR A REASON OTHER THAN
6 THAT DESCRIBED IN SUBPARAGRAPH (I) OF THIS PARAGRAPH, THE AMOUNT OF THE
7 CREDIT SHALL BE REDUCED BY THE PROPORTION OF A YEAR THAT THE EMPLOYEE
8 DID NOT WORK.

9 (D) IF THE CREDIT ALLOWED UNDER THIS SECTION IN ANY TAXABLE YEAR
10 EXCEEDS THE TOTAL TAX OTHERWISE PAYABLE BY THE BUSINESS ENTITY FOR THAT
11 TAXABLE YEAR, A BUSINESS ENTITY MAY APPLY THE EXCESS AS A CREDIT FOR
12 SUCCEEDING TAXABLE YEARS UNTIL THE EARLIER OF:

13 (1) THE FULL AMOUNT OF THE EXCESS IS USED; OR

14 (2) THE EXPIRATION OF THE FIFTH TAXABLE YEAR AFTER THE
15 TAXABLE YEAR IN WHICH THE WAGES FOR WHICH THE CREDIT IS CLAIMED ARE
16 PAID.

17 (E) IF A CREDIT IS CLAIMED UNDER THIS SECTION, THE CLAIMANT MUST
18 MAKE THE ADDITION REQUIRED IN § 10-205 OR § 10-306 OF THE TAX - GENERAL
19 ARTICLE.

20 ~~2-405.~~ 11-705.

21 (A) THE DEPARTMENT, IN CONSULTATION WITH THE BOARD, SHALL ADOPT
22 REGULATIONS NECESSARY TO CARRY OUT THE PROVISIONS OF THIS SUBTITLE.

23 (B) THE COMPTROLLER SHALL ADOPT REGULATIONS TO PROVIDE FOR THE
24 COMPUTATION AND CARRYOVER OF THE CREDIT UNDER § 10-704.10 OF THE TAX -
25 GENERAL ARTICLE.

26 **Article - Tax - General**

27 10-704.10.

28 (A) AN INDIVIDUAL OR CORPORATION MAY CLAIM A CREDIT AGAINST THE
29 INCOME TAX FOR WAGES PAID TO A QUALIFIED EX-FELON EMPLOYEE AS PROVIDED
30 UNDER ~~§ 2-404 OF THE CORRECTIONAL SERVICES~~ § 11-704 OF THE LABOR AND
31 EMPLOYMENT ARTICLE.

32 (B) (1) AN ORGANIZATION THAT IS EXEMPT FROM TAXATION UNDER §
33 501(C)(3) OR (4) OF THE INTERNAL REVENUE CODE MAY APPLY THE CREDIT UNDER
34 THIS SECTION:

35 (I) AS A CREDIT AGAINST INCOME TAX DUE ON UNRELATED
36 BUSINESS TAXABLE INCOME AS PROVIDED UNDER §§ 10-304 AND 10-812 OF THIS
37 TITLE; OR

1 (II) AS A CREDIT FOR THE PAYMENT TO THE COMPTROLLER OF
2 TAXES THAT THE ORGANIZATION:

3 1. IS REQUIRED TO WITHHOLD FROM THE WAGES OF
4 EMPLOYEES UNDER § 10-908 OF THIS TITLE; AND

5 2. IS REQUIRED TO PAY TO THE COMPTROLLER UNDER §
6 10-906(A) OF THIS TITLE.

7 (2) IF THE CREDIT ALLOWED UNDER THIS SUBSECTION IN ANY TAXABLE
8 YEAR EXCEEDS THE SUM OF THE STATE INCOME TAX OTHERWISE PAYABLE BY THE
9 ORGANIZATION FOR THAT TAXABLE YEAR AND THE TAXES THAT THE ORGANIZATION
10 HAS WITHHELD FROM THE WAGES OF EMPLOYEES AND IS REQUIRED TO PAY TO THE
11 COMPTROLLER UNDER § 10-906(A) OF THIS TITLE FOR THE TAXABLE YEAR, THE
12 ORGANIZATION MAY APPLY THE EXCESS AS A CREDIT UNDER PARAGRAPH (1)(I) OR (II)
13 OF THIS SUBSECTION IN SUCCEEDING TAXABLE YEARS FOR THE CARRY FORWARD
14 PERIOD PROVIDED IN ~~§ 2-404 OF THE CORRECTIONAL SERVICES~~ § 11-704 OF THE
15 LABOR AND EMPLOYMENT ARTICLE.

16 (3) THE COMPTROLLER SHALL ADOPT REGULATIONS TO PROVIDE
17 PROCEDURES FOR CLAIMING AND APPLYING CREDITS AUTHORIZED UNDER
18 PARAGRAPH (1)(II) OF THIS SUBSECTION.

19 SECTION 2. AND BE IT FURTHER ENACTED, That the Laws of Maryland
20 read as follows:

21 **Article - Tax - General**

22 10-205.

23 (b) The addition under subsection (a) of this section includes the amount of a
24 credit claimed under:

25 (1) § 10-702 of this title for wages paid to an employee in an enterprise
26 zone;

27 (2) § 10-704.3 of this title or § 8-213 of this article for wages paid and
28 qualified child care or transportation expenses incurred with respect to qualified
29 employment opportunity employees; [or]

30 (3) § 10-704.7 of this title or § 8-216 of this article for wages paid and
31 qualified child care or transportation expenses incurred with respect to a qualified
32 employee with a disability; OR

33 (4) § 10-704.10 OF THIS TITLE FOR WAGES PAID TO A QUALIFIED
34 EX-FELON EMPLOYEE.

1 10-306.

2 (b) The addition under subsection (a) of this section includes the additions
3 required for an individual under:

4 (1) § 10-205(b) of this title (Enterprise zone wage credit, employment
5 opportunity credit, [and] disability credit, AND QUALIFIED EX-FELON EMPLOYEE
6 CREDIT);

7 (2) § 10-205(c) of this title (Reforestation and timber stand
8 modification);

9 (3) § 10-205(e) of this title (Net operating loss modification);

10 (4) § 10-205(g) of this title (Unlicensed child care facility operating
11 expenses); and

12 (5) § 10-205(i) of this title (Maryland research and development tax
13 credit).

14 SECTION 3. AND BE IT FURTHER ENACTED, That the Laws of Maryland
15 read as follows:

16 **Article - Tax - General**

17 10-205.

18 (b) The addition under subsection (a) of this section includes the amount of a
19 credit claimed under:

20 (1) § 10-702 of this title for wages paid to an employee in an enterprise
21 zone; OR

22 (2) § 10-704.10 OF THIS TITLE FOR WAGES PAID TO A QUALIFIED
23 EX-FELON EMPLOYEE.

24 10-306.

25 (b) The addition under subsection (a) of this section includes the additions
26 required for an individual under:

27 (1) § 10-205(b) of this title (Enterprise zone wage credit AND QUALIFIED
28 EX-FELON CREDIT);

29 (2) § 10-205(c) of this title (Reforestation and timber stand
30 modification);

31 (3) § 10-205(e) of this title (Net operating loss modification);

32 (4) § 10-205(g) of this title (Unlicensed child care facility operating
33 expenses); and

1 (5) § 10-205(i) of this title (Maryland research and development tax
2 credit).

3 SECTION 4. AND BE IT FURTHER ENACTED, That Section 3 of this Act shall
4 take effect on the taking effect of the termination provision specified in Section 3 of
5 Chapter 492 of the Acts of the General Assembly of 1995, as amended. If that
6 termination provision takes effect, Section 2 of this Act shall be abrogated and of no
7 further force and effect. This Act may not be interpreted to have any effect on that
8 termination provision.

9 SECTION 5. AND BE IT FURTHER ENACTED, That, except as provided in
10 Section 4 of this Act, this Act shall take effect July 1, 2002, and shall be applicable to
11 all taxable years beginning after December 31, 2001, but before January 1, ~~2007~~
12 2006; provided, however, that the tax credit under ~~§ 2-404~~ § 11-704 of the
13 ~~Correctional Services Labor and Employment~~ Article, as enacted under Section 1 of
14 this Act, shall be allowed for employees hired on or after July 1, 2002 but before
15 December 31, ~~2005~~ 2004; and provided further that any excess credits under ~~§ 2-404~~
16 § 11-704 of the ~~Correctional Services Labor and Employment~~ Article may be carried
17 forward and, subject to the limitations under ~~§ 2-404~~ § 11-704, may be applied as a
18 credit for taxable years beginning on or after January 1, ~~2007~~ 2006. This Act shall
19 remain in effect for a period of 2 years 6 months and at the end of December 31, 2004,
20 with no further action required by the General Assembly, this Act shall be abrogated
21 and of no further force and effect.