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By: **Chairman, Ways and Means Committee (By Request - Departmental - Education)**

Introduced and read first time: January 23, 2004

Assigned to: Ways and Means

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A BILL ENTITLED

1 AN ACT concerning

2                                   **Education - Tax Credit for Employer-Established Paid Work-Based**  
3                                   **Learning Programs**

4 FOR the purpose of extending the termination date and applicability of a certain tax  
5 credit program for approved paid work-based learning programs for students;  
6 altering the date for the Department of Education to report certain findings to  
7 certain legislative committees; and generally relating to a tax credit for certain  
8 wages paid pursuant to approved paid work-based learning programs.

9 BY repealing and reenacting, with amendments,  
10 Article - Education  
11 Section 21-501  
12 Annotated Code of Maryland  
13 (2001 Replacement Volume and 2003 Supplement)

14 BY repealing and reenacting, with amendments,  
15 Chapter 660 of the Acts of the General Assembly of 1998, as amended by  
16 Chapter 611 of the Acts of the General Assembly of 2001  
17 Section 2 and 3

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

20                                   **Article - Education**

21 21-501.

22       (a)       (1)       In this section the following words have the meanings indicated.

23               (2)       "Eligible party" means:

24                       (i)       An employer;

25                       (ii)      A group of employers;

- 1 (iii) An industry trade association;
- 2 (iv) A labor organization;
- 3 (v) An operator of a registered apprenticeship program; or
- 4 (vi) Any other entity that the Department approves to establish a
- 5 paid work-based learning program under this section.

6 (3) "Student" means an individual who:

- 7 (i) 1. Is at least 16 years old but younger than the age of 23
- 8 years; or
- 9 2. Reaches the age of 23 years while participating in an
- 10 approved paid work-based learning program under this section; and
- 11 (ii) Is enrolled in a public or private secondary or postsecondary
- 12 school in the State.

13 (4) "Multicraft construction site" means a construction site where more

14 than one construction trade operation is taking place at the same time.

15 (b) (1) An eligible party may establish a paid work-based learning program

16 for students that is consistent with current State and federal employment of minors

17 laws and approved by the Department as provided under this section.

18 (2) A work-based learning program shall provide for approved paid

19 work-based learning arrangements between employers and schools to provide

20 students with structured employer-supervised learning that:

- 21 (i) Occurs in the workplace in conformance with established safety
- 22 standards;
- 23 (ii) Integrates with classroom instruction to result in the
- 24 acquisition of at least one unit of academic credit; and
- 25 (iii) Links to each student's career interest.

26 (3) An approved paid work-based learning program for students shall be

27 set forth in writing and shall include:

- 28 (i) A description of the knowledge and skills to be developed;
- 29 (ii) A description of the methodology to be used;
- 30 (iii) A description of the criteria for monitoring, assessing, and
- 31 credentialing; and
- 32 (iv) Evidence of approval by appropriate school personnel.

1 (4) The program shall:

2 (i) Provide approved paid work-based learning experiences for  
3 students that are consistent with the strategic economic development goals  
4 established for the State; and

5 (ii) Strive to achieve a geographic representation of students  
6 participating in paid work-based learning experiences.

7 (5) A contractor at a multicraft construction site may not qualify for the  
8 tax credit authorized under this section for more than 2 students.

9 (c) (1) In order for an employer to be eligible to claim a tax credit, each  
10 student must be employed by the employer for 200 hours or more.

11 (2) An employer may claim a tax credit in an amount equal to 15% of the  
12 wages paid to each student during the taxable year under a work-based learning  
13 program that has been approved by the Department as qualifying for the tax credit  
14 under this section.

15 (3) The cumulative credit allowed under this section to an employer in  
16 the current taxable year and all previous taxable years may not exceed \$1,500 per  
17 student.

18 (4) If the credit allowed under this subsection in any taxable year  
19 exceeds the total tax otherwise payable by the employer for that taxable year, the  
20 excess may be carried forward and applied as a credit for succeeding taxable years  
21 until the earlier of:

22 (i) The full amount of excess is used; or

23 (ii) The expiration of the 5th taxable year in which the contribution  
24 was made.

25 (d) The tax credit authorized under this section shall be allowed only for  
26 taxable years beginning on or before December 31, [2003] 2006.

27 (e) (1) The Department shall adopt regulations to implement this section.

28 (2) (i) The regulations adopted under this subsection shall include a  
29 process for approval of paid work-based learning programs as qualifying for the tax  
30 credit under this section.

31 (ii) The number of eligible paid work-based learning program  
32 students approved by the Department may not exceed 1,000 for each taxable year.

33 (3) The regulations adopted under this subsection shall include a process  
34 for certifying employers' eligibility for the tax credit under this section.

35 (4) The Department may delegate the approval authority for programs  
36 under this section to one or more private industry councils.

1                   **Chapter 660 of the Acts of 1998, as amended by Chapter 611 of the Acts of**  
2                   **2001**

3       SECTION 2. AND BE IT FURTHER ENACTED, That the State Department  
4 of Education shall evaluate the effectiveness of the tax credit provided under this Act.  
5 The Department shall include in this study the number of businesses qualifying for  
6 the tax credits, the types of businesses qualifying for the credits, and the amount of  
7 credits granted. The Department shall report its findings to the Senate Budget and  
8 Taxation Committee and the House Committee on Ways and Means on or before  
9 November 1, [2003] 2006.

10      SECTION 3. AND BE IT FURTHER ENACTED, That this Act shall remain  
11 effective for [6] 9 years and, at the end of June 30, [2004] 2007 with no further action  
12 required by the General Assembly, this Act shall be abrogated and of no further force  
13 and effect; provided that any excess credits may be carried forward and, subject to the  
14 limitations of § 21-501 of the Education Article, may be applied as credit for taxable  
15 years beginning on or after January 1, [2004] 2007.

16      SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take  
17 effect June 1, 2004.