

HOUSE BILL 218

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2004 Regular Session
4lr0170

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

Introduced and read first time: January 23, 2004

Assigned to: Ways and Means

Committee Report: Favorable

House action: Adopted

Read second time: March 23, 2004

CHAPTER_____

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:

Article - Education

21-501.

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

(2) "Eligible party" means:

(i) An employer;

(ii) A group of employers;

(iii) An industry trade association;

(iv) A labor organization;

(v) An operator of a registered apprenticeship program; or

(vi) Any other entity that the Department approves to establish a paid work-based learning program under this section.

(3) "Student" means an individual who:

(i) 1. Is at least 16 years old but younger than the age of 23 years; or

2. Reaches the age of 23 years while participating in an approved paid work-based learning program under this section; and

(ii) Is enrolled in a public or private secondary or postsecondary school in the State.

(4) "Multicraft construction site" means a construction site where more than one construction trade operation is taking place at the same time.

(b) (1) An eligible party may establish a paid work-based learning program for students that is consistent with current State and federal employment of minors laws and approved by the Department as provided under this section.

(2) A work-based learning program shall provide for approved paid work-based learning arrangements between employers and schools to provide students with structured employer-supervised learning that:

(i) Occurs in the workplace in conformance with established safety standards;

(ii) Integrates with classroom instruction to result in the acquisition of at least one unit of academic credit; and

(iii) Links to each student's career interest.

1 (3) An approved paid work-based learning program for students shall be
2 set forth in writing and shall include:

3 (i) A description of the knowledge and skills to be developed;

4 (ii) A description of the methodology to be used;

5 (iii) A description of the criteria for monitoring, assessing, and
6 credentialing; and

7 (iv) Evidence of approval by appropriate school personnel.

8 (4) The program shall:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

10 **Chapter 660 of the Acts of 1998, as amended by Chapter 611 of the Acts of**
11 **2001**

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

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

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