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By: **Delegates Healey, Howard, Boschert, Cardin, Cryor, C. Davis, Elmore,  
Gilleland, Hixson, and King**

Introduced and read first time: February 3, 2005

Assigned to: Ways and Means

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A BILL ENTITLED

1 AN ACT concerning

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

4 FOR the purpose of authorizing certain persons to establish certain approved paid  
5 work-based learning programs under which arrangements are made between  
6 schools and employers to provide students certain structured  
7 employer-supervised learning; allowing a credit against the State income tax  
8 and insurance premiums tax for wages paid to each student under an approved  
9 paid work-based learning program; providing for calculation of the credit;  
10 providing for the carrying forward of the credit if the credit exceeds the total tax  
11 otherwise payable for a taxable year; providing for the termination of the credit  
12 after a certain taxable year; requiring that a certain study be done and provided  
13 to certain committees of the General Assembly on or before a certain date;  
14 providing for the application of this Act; providing for the termination of this  
15 Act; and generally relating to the establishment of approved paid work-based  
16 learning programs and a credit against the State income tax and insurance  
17 premiums tax for certain wages paid to each student pursuant to an approved  
18 paid work-based learning program.

19 BY adding to  
20 Article - Education  
21 Section 21-501 to be under the new subtitle "Subtitle 5. Approved Paid  
22 Work-Based Learning Programs"  
23 Annotated Code of Maryland  
24 (2004 Replacement Volume and 2004 Supplement)

25 BY adding to  
26 Article - Tax - General  
27 Section 10-711  
28 Annotated Code of Maryland  
29 (2004 Replacement Volume)

30 BY adding to

1 Article - Insurance  
2 Section 6-118  
3 Annotated Code of Maryland  
4 (2003 Replacement Volume and 2004 Supplement)

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

7 **Article - Education**

8 SUBTITLE 5. APPROVED PAID WORK-BASED LEARNING PROGRAMS.  
9 21-501.

10 (A) (1) IN THIS SECTION THE FOLLOWING WORDS HAVE THE MEANINGS  
11 INDICATED.

12 (2) "ELIGIBLE PARTY" MEANS:

13 (I) AN EMPLOYER;

14 (II) A GROUP OF EMPLOYERS;

15 (III) AN INDUSTRY TRADE ASSOCIATION;

16 (IV) A LABOR ORGANIZATION;

17 (V) AN OPERATOR OF A REGISTERED APPRENTICESHIP PROGRAM;

18 OR

19 (VI) ANY OTHER ENTITY THAT THE DEPARTMENT APPROVES TO  
20 ESTABLISH A PAID WORK-BASED LEARNING PROGRAM UNDER THIS SECTION.

21 (3) "STUDENT" MEANS AN INDIVIDUAL WHO:

22 (I) 1. IS AT LEAST 16 YEARS OLD BUT YOUNGER THAN THE AGE  
23 OF 23 YEARS; OR

24 2. REACHES THE AGE OF 23 YEARS WHILE PARTICIPATING IN  
25 AN APPROVED PAID WORK-BASED LEARNING PROGRAM UNDER THIS SECTION; AND

26 (II) IS ENROLLED IN A PUBLIC OR PRIVATE SECONDARY OR  
27 POSTSECONDARY SCHOOL IN THE STATE.

28 (4) "MULTICRAFT CONSTRUCTION SITE" MEANS A CONSTRUCTION SITE  
29 WHERE MORE THAN ONE CONSTRUCTION TRADE OPERATION IS TAKING PLACE AT  
30 THE SAME TIME.

31 (B) (1) AN ELIGIBLE PARTY MAY ESTABLISH A PAID WORK-BASED  
32 LEARNING PROGRAM FOR STUDENTS THAT IS CONSISTENT WITH CURRENT STATE

1 AND FEDERAL EMPLOYMENT OF MINORS LAWS AND APPROVED BY THE  
2 DEPARTMENT AS PROVIDED UNDER THIS SECTION.

3 (2) A WORK-BASED LEARNING PROGRAM SHALL PROVIDE FOR  
4 APPROVED PAID WORK-BASED LEARNING ARRANGEMENTS BETWEEN EMPLOYERS  
5 AND SCHOOLS TO PROVIDE STUDENTS WITH STRUCTURED EMPLOYER-SUPERVISED  
6 LEARNING THAT:

7 (I) OCCURS IN THE WORKPLACE IN CONFORMANCE WITH  
8 ESTABLISHED SAFETY STANDARDS;

9 (II) INTEGRATES WITH CLASSROOM INSTRUCTION TO RESULT IN  
10 THE ACQUISITION OF AT LEAST ONE UNIT OF ACADEMIC CREDIT; AND

11 (III) LINKS TO EACH STUDENT'S CAREER INTEREST.

12 (3) AN APPROVED PAID WORK-BASED LEARNING PROGRAM FOR  
13 STUDENTS SHALL BE SET FORTH IN WRITING AND SHALL INCLUDE:

14 (I) A DESCRIPTION OF THE KNOWLEDGE AND SKILLS TO BE  
15 DEVELOPED;

16 (II) A DESCRIPTION OF THE METHODOLOGY TO BE USED;

17 (III) A DESCRIPTION OF THE CRITERIA FOR MONITORING,  
18 ASSESSING, AND CREDENTIALING; AND

19 (IV) EVIDENCE OF APPROVAL BY APPROPRIATE SCHOOL  
20 PERSONNEL.

21 (4) THE PROGRAM SHALL:

22 (I) PROVIDE APPROVED PAID WORK-BASED LEARNING  
23 EXPERIENCES FOR STUDENTS THAT ARE CONSISTENT WITH THE STRATEGIC  
24 ECONOMIC DEVELOPMENT GOALS ESTABLISHED FOR THE STATE; AND

25 (II) STRIVE TO ACHIEVE A GEOGRAPHIC REPRESENTATION OF  
26 STUDENTS PARTICIPATING IN PAID WORK-BASED LEARNING EXPERIENCES.

27 (5) A CONTRACTOR AT A MULTICRAFT CONSTRUCTION SITE MAY NOT  
28 QUALIFY FOR THE TAX CREDIT AUTHORIZED UNDER THIS SECTION FOR MORE THAN  
29 TWO STUDENTS.

30 (C) (1) IN ORDER FOR AN EMPLOYER TO BE ELIGIBLE TO CLAIM A TAX  
31 CREDIT, EACH STUDENT MUST BE EMPLOYED BY THE EMPLOYER FOR 200 HOURS OR  
32 MORE.

33 (2) AN EMPLOYER MAY CLAIM A TAX CREDIT IN AN AMOUNT EQUAL TO  
34 15% OF THE WAGES PAID TO EACH STUDENT DURING THE TAXABLE YEAR UNDER A  
35 WORK-BASED LEARNING PROGRAM THAT HAS BEEN APPROVED BY THE  
36 DEPARTMENT AS QUALIFYING FOR THE TAX CREDIT UNDER THIS SECTION.

1 (3) THE CUMULATIVE CREDIT ALLOWED UNDER THIS SECTION TO AN  
2 EMPLOYER IN THE CURRENT TAXABLE YEAR AND ALL PREVIOUS TAXABLE YEARS  
3 MAY NOT EXCEED \$1,500 PER STUDENT.

4 (4) IF THE CREDIT ALLOWED UNDER THIS SUBSECTION IN ANY TAXABLE  
5 YEAR EXCEEDS THE TOTAL TAX OTHERWISE PAYABLE BY THE EMPLOYER FOR THAT  
6 TAXABLE YEAR, THE EXCESS MAY BE CARRIED FORWARD AND APPLIED AS A CREDIT  
7 FOR SUCCEEDING TAXABLE YEARS UNTIL THE EARLIER OF:

8 (I) THE FULL AMOUNT OF EXCESS IS USED; OR

9 (II) THE EXPIRATION OF THE 5TH TAXABLE YEAR IN WHICH THE  
10 CONTRIBUTION WAS MADE.

11 (D) THE TAX CREDIT AUTHORIZED UNDER THIS SECTION SHALL BE ALLOWED  
12 ONLY FOR TAXABLE YEARS BEGINNING ON OR BEFORE DECEMBER 31, 2009.

13 (E) (1) THE DEPARTMENT SHALL ADOPT REGULATIONS TO IMPLEMENT  
14 THIS SECTION.

15 (2) (I) THE REGULATIONS ADOPTED UNDER THIS SUBSECTION SHALL  
16 INCLUDE A PROCESS FOR APPROVAL OF PAID WORK-BASED LEARNING PROGRAMS  
17 AS QUALIFYING FOR THE TAX CREDIT UNDER THIS SECTION.

18 (II) THE NUMBER OF ELIGIBLE PAID WORK-BASED LEARNING  
19 PROGRAM STUDENTS APPROVED BY THE DEPARTMENT MAY NOT EXCEED 1,000 FOR  
20 EACH TAXABLE YEAR.

21 (3) THE REGULATIONS ADOPTED UNDER THIS SUBSECTION SHALL  
22 INCLUDE A PROCESS FOR CERTIFYING EMPLOYERS' ELIGIBILITY FOR THE TAX  
23 CREDIT UNDER THIS SECTION.

24 (4) THE DEPARTMENT MAY DELEGATE THE APPROVAL AUTHORITY FOR  
25 PROGRAMS UNDER THIS SECTION TO ONE OR MORE PRIVATE INDUSTRY COUNCILS.

26 **Article - Tax - General**

27 10-711.

28 AN INDIVIDUAL OR CORPORATION MAY CLAIM A CREDIT AGAINST THE STATE  
29 INCOME TAX FOR WAGES PAID TO EACH STUDENT UNDER AN APPROVED PAID  
30 WORK-BASED LEARNING PROGRAM AS PROVIDED UNDER § 21-501 OF THE  
31 EDUCATION ARTICLE.

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**Article - Insurance**

2 6-118.

3 AN INSURANCE COMPANY MAY CLAIM A CREDIT AGAINST THE PREMIUM TAX  
4 FOR WAGES PAID TO EACH STUDENT UNDER AN APPROVED PAID WORK-BASED  
5 LEARNING PROGRAM AS PROVIDED UNDER § 21-501 OF THE EDUCATION ARTICLE.

6 SECTION 2. AND BE IT FURTHER ENACTED, That the State Department  
7 of Education shall evaluate the effectiveness of the tax credit provided under this Act.  
8 The Department shall include in this study the number of businesses qualifying for  
9 the tax credits, the types of businesses qualifying for the credits, and the amount of  
10 credits granted. The Department shall report its findings to the Senate Budget and  
11 Taxation Committee and the House Committee on Ways and Means on or before  
12 November 1, 2009.

13 SECTION 3. AND BE IT FURTHER ENACTED, That this Act shall remain  
14 effective for a period of 5 years and, at the end of June 30, 2010, with no further action  
15 required by the General Assembly, this Act shall be abrogated and of no further force  
16 and effect; provided, that any excess credits may be carried forward and, subject to  
17 the limitations of § 21-501 of the Education Article, may be applied as credit for  
18 taxable years beginning on or after January 1, 2010.

19 SECTION 4. AND BE IT FURTHER ENACTED, That this Act shall take  
20 effect July 1, 2005, and shall be applicable to all taxable years beginning after  
21 December 31, 2005.