
By: **Senators Lawlah, Currie, DeGrange, Hogan, Jones, Kasemeyer, Kelley,
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Introduced and read first time: February 4, 2005

Assigned to: Budget and Taxation

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.