

# SENATE BILL 297

Q7  
SB 613/05 – B&T

8lr2069

---

By: **Senators King, Astle, Currie, DeGrange, Edwards, Garagiola, Klausmeier, Madaleno, Munson, Peters, Pugh, Raskin, Robey, and Rosapepe**

Introduced and read first time: January 25, 2008

Assigned to: Budget and Taxation

---

Committee Report: Favorable

Senate action: Adopted

Read second time: March 13, 2008

---

## CHAPTER \_\_\_\_\_

1 AN ACT concerning

2 **Tax Credit for Employer Established Work-Based Learning Programs for**  
3 **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 (2006 Replacement Volume and 2007 Supplement)

---

**EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.**

[Brackets] indicate matter deleted from existing law.

Underlining indicates amendments to bill.

~~Strike-out~~ indicates matter stricken from the bill by amendment or deleted from the law by amendment.



1 BY adding to  
2 Article – Tax – General  
3 Section 10–711  
4 Annotated Code of Maryland  
5 (2004 Replacement Volume and 2007 Supplement)

6 BY adding to  
7 Article – Insurance  
8 Section 6–118  
9 Annotated Code of Maryland  
10 (2003 Replacement Volume and 2007 Supplement)

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

13 **Article – Education**

14 **SUBTITLE 5. APPROVED PAID WORK–BASED LEARNING PROGRAMS.**

15 **21–501.**

16 (A) (1) IN THIS SECTION THE FOLLOWING WORDS HAVE THE  
17 MEANINGS INDICATED.

18 (2) “ELIGIBLE PARTY” MEANS:

19 (I) AN EMPLOYER;

20 (II) A GROUP OF EMPLOYERS;

21 (III) AN INDUSTRY TRADE ASSOCIATION;

22 (IV) A LABOR ORGANIZATION;

23 (V) AN OPERATOR OF A REGISTERED APPRENTICESHIP  
24 PROGRAM; OR

25 (VI) ANY OTHER ENTITY THAT THE DEPARTMENT APPROVES  
26 TO ESTABLISH A PAID WORK–BASED LEARNING PROGRAM UNDER THIS SECTION.

27 (3) “STUDENT” MEANS AN INDIVIDUAL WHO:

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

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

4                   **(II) IS ENROLLED IN A PUBLIC OR PRIVATE SECONDARY OR**  
5 **POSTSECONDARY SCHOOL IN THE STATE.**

6                   **(4) “MULTICRAFT CONSTRUCTION SITE” MEANS A**  
7 **CONSTRUCTION SITE WHERE MORE THAN ONE CONSTRUCTION TRADE**  
8 **OPERATION IS TAKING PLACE AT THE SAME TIME.**

9                   **(B) (1) AN ELIGIBLE PARTY MAY ESTABLISH A PAID WORK-BASED**  
10 **LEARNING PROGRAM FOR STUDENTS THAT IS CONSISTENT WITH CURRENT**  
11 **STATE AND FEDERAL EMPLOYMENT OF MINORS LAWS AND APPROVED BY THE**  
12 **DEPARTMENT AS PROVIDED UNDER THIS SECTION.**

13                   **(2) A WORK-BASED LEARNING PROGRAM SHALL PROVIDE FOR**  
14 **APPROVED PAID WORK-BASED LEARNING ARRANGEMENTS BETWEEN**  
15 **EMPLOYERS AND SCHOOLS TO PROVIDE STUDENTS WITH STRUCTURED**  
16 **EMPLOYER-SUPERVISED LEARNING THAT:**

17                   **(I) OCCURS IN THE WORKPLACE IN CONFORMANCE WITH**  
18 **ESTABLISHED SAFETY STANDARDS;**

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

21                   **(III) LINKS TO EACH STUDENT’S CAREER INTEREST.**

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

24                   **(I) A DESCRIPTION OF THE KNOWLEDGE AND SKILLS TO BE**  
25 **DEVELOPED;**

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

27                   **(III) A DESCRIPTION OF THE CRITERIA FOR MONITORING,**  
28 **ASSESSING, AND CREDENTIALING; AND**

29                   **(IV) EVIDENCE OF APPROVAL BY APPROPRIATE SCHOOL**  
30 **PERSONNEL.**

1           **(4) THE PROGRAM SHALL:**

2                   **(I) PROVIDE APPROVED PAID WORK-BASED LEARNING**  
3 **EXPERIENCES FOR STUDENTS THAT ARE CONSISTENT WITH THE STRATEGIC**  
4 **ECONOMIC DEVELOPMENT GOALS ESTABLISHED FOR THE STATE; AND**

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

7           **(5) A CONTRACTOR AT A MULTICRAFT CONSTRUCTION SITE MAY**  
8 **NOT QUALIFY FOR THE TAX CREDIT AUTHORIZED UNDER THIS SECTION FOR**  
9 **MORE THAN TWO STUDENTS.**

10           **(c) (1) IN ORDER FOR AN EMPLOYER TO BE ELIGIBLE TO CLAIM A**  
11 **TAX CREDIT, EACH STUDENT MUST BE EMPLOYED BY THE EMPLOYER FOR 200**  
12 **HOURS OR MORE.**

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

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

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

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

27                           **(II) THE EXPIRATION OF THE 5TH TAXABLE YEAR IN WHICH**  
28 **THE CONTRIBUTION WAS MADE.**

29           **(D) THE TAX CREDIT AUTHORIZED UNDER THIS SECTION SHALL BE**  
30 **ALLOWED ONLY FOR TAXABLE YEARS BEGINNING ON OR BEFORE DECEMBER 31,**  
31 **2012.**

32           **(E) (1) THE DEPARTMENT SHALL ADOPT REGULATIONS TO**  
33 **IMPLEMENT THIS SECTION.**

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

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

7           (3) THE REGULATIONS ADOPTED UNDER THIS SUBSECTION  
8 SHALL INCLUDE A PROCESS FOR CERTIFYING EMPLOYERS' ELIGIBILITY FOR  
9 THE TAX CREDIT UNDER THIS SECTION.

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

13                                   **Article - Tax - General**

14   **10-711.**

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

19                                   **Article - Insurance**

20   **6-118.**

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

25           SECTION 2. AND BE IT FURTHER ENACTED, That the State Department of  
26 Education shall evaluate the effectiveness of the tax credit provided under this Act.  
27 The Department shall include in this study the number of businesses qualifying for  
28 the tax credits, the types of businesses qualifying for the credits, and the amount of  
29 credits granted. The Department shall report its findings to the Senate Budget and  
30 Taxation Committee and the House Committee on Ways and Means on or before  
31 November 1, 2012, in accordance with § 2-1246 of the State Government Article.

32           SECTION 3. AND BE IT FURTHER ENACTED, That this Act shall remain  
33 effective for a period of 5 years and, at the end of June 30, 2013, with no further action

1 required by the General Assembly, this Act shall be abrogated and of no further force  
2 and effect; provided, that any excess credits may be carried forward and, subject to the  
3 limitations of § 21-501 of the Education Article, may be applied as credit for taxable  
4 years beginning on or after January 1, 2013.

5 SECTION 4. AND BE IT FURTHER ENACTED, That this Act shall take effect  
6 July 1, 2008, and shall be applicable to all taxable years beginning after December 31,  
7 2008.

Approved:

---

Governor.

---

President of the Senate.

---

Speaker of the House of Delegates.