

SENATE BILL 776

Q3, Q7, C2

8lr2904

By: **Senator Jones**

Introduced and read first time: February 1, 2008

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

17 BY adding to

18 Article – Labor and Employment

19 Section 11–801 to be under the new subtitle “Subtitle 8. Approved Paid
20 Work–Based Learning Programs”

21 Annotated Code of Maryland

22 (1999 Replacement Volume and 2007 Supplement)

23 BY adding to

24 Article – Tax – General

25 Section 10–711

26 Annotated Code of Maryland

27 (2004 Replacement Volume and 2007 Supplement)

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



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

3 **Article – Labor and Employment**

4 **SUBTITLE 8. APPROVED PAID WORK–BASED LEARNING PROGRAMS.**

5 **11–801.**

6 (A) (1) IN THIS SECTION THE FOLLOWING WORDS HAVE THE
7 MEANINGS INDICATED.

8 (2) “ELIGIBLE PARTY” MEANS:

9 (I) AN EMPLOYER;

10 (II) A GROUP OF EMPLOYERS;

11 (III) AN INDUSTRY TRADE ASSOCIATION;

12 (IV) A LABOR ORGANIZATION;

13 (V) AN OPERATOR OF A REGISTERED APPRENTICESHIP
14 PROGRAM; OR

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

17 (3) “MULTICRAFT CONSTRUCTION SITE” MEANS A
18 CONSTRUCTION SITE WHERE MORE THAN ONE CONSTRUCTION TRADE
19 OPERATION IS TAKING PLACE AT THE SAME TIME.

20 (4) “QUALIFIED INDIVIDUAL” MEANS AN INDIVIDUAL WHO:

21 (I) 1. IS AT LEAST 18 YEARS OLD; AND

22 2. IS ENROLLED IN AN APPRENTICESHIP PROGRAM
23 RECOGNIZED BY THE DEPARTMENT; OR

24 (II) IS ENROLLED IN A PROGRAM TO TEACH WORKPLACE
25 LANGUAGE SKILLS TO INDIVIDUALS ENGAGED IN MULTICRAFT CONSTRUCTION.

26 (B) (1) AN ELIGIBLE PARTY MAY ESTABLISH A PAID WORK–BASED
27 LEARNING PROGRAM FOR QUALIFIED INDIVIDUALS THAT IS CONSISTENT WITH

1 **CURRENT STATE AND FEDERAL EMPLOYMENT 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 TO PROVIDE**
5 **QUALIFIED INDIVIDUALS WITH STRUCTURED EMPLOYER-SUPERVISED**
6 **LEARNING THAT:**

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

9 **(II) LINKS TO EACH QUALIFIED INDIVIDUAL'S CAREER**
10 **INTEREST; AND**

11 **(III) INVOLVES LEARNING LANGUAGE SKILLS FOR THE**
12 **CONSTRUCTION INDUSTRY.**

13 **(3) AN APPROVED PAID WORK-BASED LEARNING PROGRAM FOR**
14 **QUALIFIED INDIVIDUALS SHALL BE SET FORTH IN WRITING AND SHALL**
15 **INCLUDE:**

16 **(I) A DESCRIPTION OF THE KNOWLEDGE AND SKILLS TO BE**
17 **DEVELOPED;**

18 **(II) A DESCRIPTION OF THE METHODOLOGY TO BE USED;**
19 **AND**

20 **(III) A DESCRIPTION OF THE CRITERIA FOR MONITORING,**
21 **ASSESSING, AND CREDENTIALING.**

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

23 **(I) PROVIDE APPROVED PAID WORK-BASED LEARNING**
24 **EXPERIENCES FOR QUALIFIED INDIVIDUALS THAT ARE CONSISTENT WITH THE**
25 **STRATEGIC ECONOMIC DEVELOPMENT GOALS ESTABLISHED FOR THE STATE;**
26 **AND**

27 **(II) STRIVE TO ACHIEVE A GEOGRAPHIC REPRESENTATION**
28 **OF QUALIFIED INDIVIDUALS PARTICIPATING IN PAID WORK-BASED LEARNING**
29 **EXPERIENCES.**

30 **(c) (1) IN ORDER FOR AN EMPLOYER TO CLAIM A CREDIT AGAINST**
31 **THE STATE INCOME TAX, EACH QUALIFIED INDIVIDUAL MUST BE EMPLOYED BY**
32 **THE EMPLOYER FOR 1,000 HOURS OR MORE.**

1 **(2) AN EMPLOYER MAY CLAIM A CREDIT AGAINST THE STATE**
2 **INCOME TAX IN AN AMOUNT EQUAL TO 15% OF THE WAGES PAID TO EACH**
3 **QUALIFIED INDIVIDUAL DURING THE TAXABLE YEAR UNDER A WORK-BASED**
4 **LEARNING PROGRAM APPROVED BY THE DEPARTMENT AS QUALIFYING FOR THE**
5 **TAX CREDIT UNDER THIS SECTION.**

6 **(3) FOR ANY TAXABLE YEAR, THE CREDIT ALLOWED UNDER THIS**
7 **SECTION MAY NOT EXCEED THE LESSER OF:**

8 **(I) THE STATE INCOME TAX FOR THE TAXABLE YEAR; OR**

9 **(II) \$3,000 PER QUALIFIED INDIVIDUAL.**

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

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

16 **(II) THE EXPIRATION OF THE 5TH TAXABLE YEAR IN WHICH**
17 **WAGES WERE PAID.**

18 **(D) THE TAX CREDIT AUTHORIZED UNDER THIS SECTION SHALL BE**
19 **ALLOWED ONLY FOR TAXABLE YEARS BEGINNING ON OR BEFORE DECEMBER 31,**
20 **2014.**

21 **(E) (1) THE DEPARTMENT SHALL ADOPT REGULATIONS TO**
22 **IMPLEMENT THIS SECTION.**

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

26 **(II) THE NUMBER OF QUALIFIED INDIVIDUALS ELIGIBLE**
27 **FOR THE PAID WORK-BASED LEARNING PROGRAM APPROVED BY THE**
28 **DEPARTMENT MAY NOT EXCEED 1,000 FOR EACH TAXABLE YEAR.**

29 **(3) THE REGULATIONS ADOPTED UNDER THIS SUBSECTION**
30 **SHALL INCLUDE A PROCESS FOR CERTIFYING ELIGIBILITY FOR THE TAX CREDIT**
31 **UNDER THIS SECTION.**

1 (4) **THE DEPARTMENT MAY DELEGATE THE APPROVAL**
2 **AUTHORITY FOR PROGRAMS UNDER THIS SECTION TO ONE OR MORE PRIVATE**
3 **INDUSTRY COUNCILS.**

4 **Article – Tax – General**

5 **10-711.**

6 **AN INDIVIDUAL OR CORPORATION MAY CLAIM A CREDIT AGAINST THE**
7 **STATE INCOME TAX FOR WAGES PAID TO EACH QUALIFIED INDIVIDUAL UNDER**
8 **AN APPROVED PAID WORK-BASED LEARNING PROGRAM AS PROVIDED UNDER §**
9 **11-801 OF THE LABOR AND EMPLOYMENT ARTICLE.**

10 SECTION 2. AND BE IT FURTHER ENACTED, That the Department of
11 Labor, Licensing, and Regulation shall evaluate the effectiveness of the tax credit
12 provided under this Act. The Department shall include in this study the number of
13 businesses qualifying for the tax credits, the types of businesses qualifying for the
14 credits, and the amount of credits granted. The Department shall report its findings to
15 the Senate Budget and Taxation Committee and the House Committee on Ways and
16 Means on or before November 1, 2014.

17 SECTION 3. AND BE IT FURTHER ENACTED, That this Act shall remain
18 effective for a period of 7 years and, at the end of June 30, 2015, with no further action
19 required by the General Assembly, this Act shall be abrogated and of no further force
20 and effect.

21 SECTION 4. AND BE IT FURTHER ENACTED, That this Act shall take effect
22 July 1, 2008, and shall be applicable to all taxable years beginning after December 31,
23 2008.