

CHAPTER 571

(Senate Bill 297)

AN ACT concerning

Tax Credit for Employer Established Work-Based Learning Programs for Students

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

BY adding to

Article – Education

Section 21-501 to be under the new subtitle “Subtitle 5. Approved Paid Work-Based Learning Programs”

Annotated Code of Maryland

(2006 Replacement Volume and 2007 Supplement)

BY adding to

Article – Tax – General

Section 10-711

Annotated Code of Maryland

(2004 Replacement Volume and 2007 Supplement)

BY adding to

Article – Insurance

Section 6-118

Annotated Code of Maryland

(2003 Replacement Volume and 2007 Supplement)

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

Article – Education

SUBTITLE 5. APPROVED PAID WORK–BASED LEARNING PROGRAMS.

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.

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

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

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

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

(IV) EVIDENCE OF APPROVAL BY APPROPRIATE SCHOOL PERSONNEL.

(4) THE PROGRAM SHALL:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Article - Tax - General

10-711.

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

Article - Insurance

6-118.

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

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

SECTION 3. AND BE IT FURTHER ENACTED, That this Act shall remain effective for a period of 5 years and, at the end of June 30, 2013, with no further action required by the General Assembly, this Act shall be abrogated and of no further force and effect; provided, that any excess credits may be carried forward and, subject to the limitations of § 21-501 of the Education Article, may be applied as credit for taxable years beginning on or after January 1, 2013.

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

Approved by the Governor, May 22, 2008.