

# HOUSE BILL 1207

Q3

9lr0425

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By: **Delegate Haynes**

Introduced and read first time: February 13, 2009

Assigned to: Ways and Means

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## A BILL ENTITLED

1 AN ACT concerning

2 **Income Tax Credit – Flexible Workweek**

3 FOR the purpose of allowing certain business entities a credit against the State  
4 income tax for the cost of providing a flexible workweek to the employees of the  
5 business entity; requiring that a certain number of the full-time employees of a  
6 business entity must work a flexible workweek in order for the business entity  
7 to claim the credit; providing that the credit may not exceed a certain amount;  
8 providing that certain organizations exempt from taxation may receive the  
9 credit as a refund under certain circumstances; defining certain terms;  
10 providing for the application of this Act; and generally relating to an income tax  
11 credit for offering a flexible workweek.

12 BY adding to

13 Article – Tax – General

14 Section 10-728

15 Annotated Code of Maryland

16 (2004 Replacement Volume and 2008 Supplement)

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

19 **Article – Tax – General**

20 **10-728.**

21 (A) (1) IN THIS SECTION THE FOLLOWING WORDS HAVE THE  
22 MEANINGS INDICATED.

23 (2) **“BUSINESS ENTITY” MEANS:**

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EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 (I) A PERSON CONDUCTING OR OPERATING A TRADE OR  
2 BUSINESS IN THE STATE; OR

3 (II) AN ORGANIZATION OPERATING IN MARYLAND THAT IS  
4 EXEMPT FROM TAXATION UNDER § 501(C)(3) OR (4) OF THE INTERNAL  
5 REVENUE CODE.

6 (3) "FLEXIBLE WORKWEEK" MEANS:

7 (I) FOUR 10-HOUR DAYS PER WEEK; OR

8 (II) NINE 9-HOUR DAYS EVERY 2 WEEKS.

9 (4) "PARTICIPATING EMPLOYEE" MEANS AN EMPLOYEE IN THE  
10 STATE THAT WORKS A FLEXIBLE WORKWEEK FOR AT LEAST 3 MONTHS DURING  
11 THE TAXABLE YEAR.

12 (B) (1) SUBJECT TO PARAGRAPH (2) OF THIS SUBSECTION, A  
13 BUSINESS ENTITY MAY CLAIM A CREDIT AGAINST THE STATE INCOME TAX FOR  
14 THE COST OF PROVIDING A FLEXIBLE WORKWEEK TO ITS EMPLOYEES IN THE  
15 STATE IF ONE-THIRD OF THE FULL-TIME EMPLOYEES OF THE BUSINESS ENTITY  
16 IN THE STATE WORK A FLEXIBLE WORKWEEK.

17 (2) THE COST OF PROVIDING A FLEXIBLE WORKWEEK IS THE  
18 WAGES FOR 8 HOURS OF WORK FOR EACH PARTICIPATING EMPLOYEE FOR EACH  
19 WEEK THE EMPLOYEE WORKS A FLEXIBLE WORKWEEK.

20 (C) FOR ANY TAXABLE YEAR, THE CREDIT ALLOWED UNDER THIS  
21 SECTION MAY NOT EXCEED THE LESSER OF:

22 (1) \$100 FOR EACH PARTICIPATING EMPLOYEE; OR

23 (2) \$5,000.

24 (D) (1) EXCEPT AS PROVIDED IN SUBSECTION (E) OF THIS SECTION,  
25 THE TOTAL AMOUNT OF THE CREDIT ALLOWED UNDER THIS SECTION FOR ANY  
26 TAXABLE YEAR MAY NOT EXCEED THE STATE INCOME TAX FOR THAT TAXABLE  
27 YEAR.

28 (2) THE UNUSED AMOUNT OF THE CREDIT FOR ANY TAXABLE  
29 YEAR MAY NOT BE CARRIED OVER TO ANY OTHER TAXABLE YEAR.

30 (E) IF THE CREDIT ALLOWED UNDER THIS SUBSECTION IN ANY TAXABLE  
31 YEAR EXCEEDS THE SUM OF THE STATE INCOME TAX OTHERWISE PAYABLE BY

1 AN ORGANIZATION THAT IS EXEMPT FROM TAXATION UNDER § 501(C)(3) OR (4)  
2 OF THE INTERNAL REVENUE CODE, THE ORGANIZATION MAY RECEIVE A  
3 REFUND OF THE EXCESS CREDIT.

4 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect  
5 July 1, 2009, and shall be applicable to all taxable years beginning after December 31,  
6 2008.