

SENATE BILL 1035

C8, Q3, P2

2lr3094

By: **Senator Muse**

Introduced and read first time: February 23, 2012

Assigned to: Rules

A BILL ENTITLED

1 AN ACT concerning

2 **Job Creation and Economic Growth Act of 2012**

3 FOR the purpose of reestablishing a certain job creation tax credit program for hiring
4 of certain qualified individuals; altering the eligibility requirements for the job
5 creation tax credit program; authorizing a qualified position under the credit to
6 include certain part-time positions; providing for the calculation of the credit;
7 requiring the Department of Labor, Licensing, and Regulation to submit a
8 certain report on an annual basis; establishing a Public School Apprenticeship
9 Program within the Department; requiring the Apprenticeship and Training
10 Council, in consultation with each county board of education, to establish
11 certain apprenticeship programs; requiring certain State units to provide a
12 certain preference to certain companies when awarding certain contracts;
13 establishing a Retraining and Related Education Grant Program; requiring the
14 Department to administer the program; providing for the total amount of a
15 grant that may be awarded on behalf of each low-income individual under the
16 grant program; requiring the Department to adopt regulations to administer the
17 program; providing for the application of this Act; and generally relating to
18 certain job creation initiatives.

19 BY adding to

20 Article – Labor and Employment

21 Section 11-409 and 11-509

22 Annotated Code of Maryland

23 (2008 Replacement Volume and 2011 Supplement)

24 BY repealing and reenacting, without amendments,

25 Article – Labor and Employment

26 Section 11-503(g)

27 Annotated Code of Maryland

28 (2008 Replacement Volume and 2011 Supplement)

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 BY repealing and reenacting, with amendments,
2 Article – Labor and Employment
3 Section 11–1101 through 11–1104, 11–1106, and 11–1107
4 Annotated Code of Maryland
5 (2008 Replacement Volume and 2011 Supplement)

6 BY adding to
7 Article – State Finance and Procurement
8 Section 14–413
9 Annotated Code of Maryland
10 (2009 Replacement Volume and 2011 Supplement)

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

13 **Article – Labor and Employment**

14 **11–409.**

15 **(A) THERE IS A PUBLIC SCHOOL APPRENTICESHIP PROGRAM**
16 **ESTABLISHED WITHIN THE DEPARTMENT.**

17 **(B) THE APPRENTICESHIP AND TRAINING COUNCIL SHALL**
18 **ADMINISTER THE PROGRAM.**

19 **(C) BY THE BEGINNING OF THE 2013–2014 SCHOOL YEAR, THE**
20 **COUNCIL, IN CONSULTATION WITH THE BOARD OF EDUCATION OF EACH**
21 **COUNTY, SHALL ESTABLISH AT LEAST ONE APPRENTICESHIP PROGRAM IN AT**
22 **LEAST ONE SCHOOL IN EACH COUNTY.**

23 **(D) THE BOARD OF EDUCATION OF EACH COUNTY SHALL DETERMINE**
24 **THE TYPE OF APPRENTICESHIP PROGRAM THAT IS TO BE OFFERED.**

25 **11–503.**

26 **(g) “Low–income individual” means an individual who:**

27 **(1) receives, or is a member of a family which receives, cash welfare**
28 **payments under a federal, State, or local income–based public assistance program;**

29 **(2) received an income, or is a member of a family that received a total**
30 **family income for the 6–month period prior to application for the program involved**
31 **(exclusive of unemployment compensation, child support payments, payments**
32 **described in paragraph (1) of this subsection, and old age and survivors insurance**
33 **benefits received under Section 202 of the Social Security Act (42 U.S.C. § 402)) that,**
34 **in relation to family size, does not exceed the higher of:**

- 1 (i) the poverty level for an equivalent period; or
- 2 (ii) 70 percent of the lower living standard income level for an
3 equivalent period;
- 4 (3) is a member of a household that receives food stamps or has been
5 determined within the 6-month period prior to application for the program involved to
6 be eligible to receive food stamps pursuant to the Food Stamp Act of 1977 (7 U.S.C. §
7 2011 et seq.);
- 8 (4) is a foster child on behalf of whom State or local government
9 payments are made;
- 10 (5) in cases permitted by regulations promulgated by the Secretary, is
11 an adult individual with a disability whose own income meets the requirements of a
12 program described in paragraph (1) or (2) of this subsection, but who is a member of a
13 family whose income does not meet such requirements; or
- 14 (6) qualifies as a homeless individual, as defined in subsections (a) and
15 (c) of § 103 of the Stewart B. McKinney Homeless Assistance Act (42 U.S.C. § 11302).

16 **11-509.**

17 **(A) IN THIS SECTION, "GRANT PROGRAM" MEANS A RETRAINING AND**
18 **RELATED EDUCATION GRANT PROGRAM.**

19 **(B) THE DEPARTMENT SHALL ESTABLISH AND ADMINISTER A**
20 **RETRAINING AND RELATED EDUCATION GRANT PROGRAM.**

21 **(C) (1) THE GRANT PROGRAM SHALL PROVIDE A ONE-TIME GRANT**
22 **ON BEHALF OF LOW-INCOME INDIVIDUALS WHO ARE UNEMPLOYED FOR AT**
23 **LEAST 90 DAYS BEFORE APPLYING TO THE GRANT PROGRAM.**

24 **(2) THE TOTAL GRANT FOR EACH LOW-INCOME INDIVIDUAL**
25 **UNDER PARAGRAPH (1) OF THIS SUBSECTION MAY NOT EXCEED \$5,000.**

26 **(D) (1) THE GRANT FOR A RETRAINING OR RELATED EDUCATION**
27 **PROGRAM SHALL BE PAID DIRECTLY TO THE ORGANIZATION THAT PROVIDES**
28 **THE PROGRAM.**

29 **(2) A PORTION OF THE GRANT MAY BE PAID DIRECTLY TO THE**
30 **LOW-INCOME INDIVIDUAL FOR TRANSPORTATION COSTS TO AND FROM THE**
31 **RETRAINING OR RELATED EDUCATION PROGRAM.**

1 **(E) THE DEPARTMENT SHALL ADOPT REGULATIONS TO CARRY OUT THE**
2 **PROVISIONS OF THIS SECTION.**

3 11–1101.

4 (a) In this subtitle the following words have the meanings indicated.

5 (b) “Qualified employee” means an individual who, at the time of hiring:

6 (1) is a resident of the State; **AND**

7 (2) [(i) is receiving unemployment insurance benefits; or

8 (ii) has exhausted the individual’s unemployment insurance
9 benefits within the past 12 months; and

10 (3) is not employed full time] **HAS BEEN UNEMPLOYED FOR THE**
11 **PAST 6 MONTHS.**

12 (c) “Qualified employer” means a person that is:

13 (1) (i) conducting or operating a trade or business in the State and
14 filing Maryland income tax returns; or

15 (ii) an organization operating in the State that is exempt from
16 taxation under § 501(c) of the Internal Revenue Code; and

17 (2) certified in accordance with § 11–1102 of this subtitle as qualifying
18 for the tax credit under this subtitle.

19 (d) (1) “Qualified position” means a position that:

20 (i) is full time **OR PART TIME**;

21 (ii) requires or is expected to require the services of an employee
22 for an indefinite duration and without interruption for a period of [12] **6** months or
23 more;

24 (iii) is located in the State; and

25 (iv) is newly created or has been vacant for a period of at least 6
26 months at the time of hiring.

27 (2) “Qualified position” does not include a position that is created:

1 (i) when an employment function is shifted from an existing
2 business facility of a business entity in the State to another business facility of the
3 same business entity if the position is not a net new job in the State;

4 (ii) through a change in ownership of a trade or business;

5 (iii) through a consolidation, merger, or restructuring of a
6 business entity if the position is not a net new job in the State;

7 (iv) when an employment function is contractually shifted from
8 an existing business entity to another business entity; or

9 (v) by displacing an existing employee.

10 11–1102.

11 (a) The Secretary or the Secretary’s designee shall certify a person as a
12 qualified employer eligible for a tax credit under this subtitle if the person meets the
13 requirements of this section.

14 (b) [To be eligible for a tax credit under this subtitle, a person must hire a
15 qualified employee to fill a qualified position and begin employment in that position
16 between the effective date of Chapter 1 (S.B. 106) of the Acts of the General Assembly
17 of 2010 and December 31, 2010.

18 (c) To be certified as a qualified employer for a tax credit under this subtitle,
19 a person shall submit to the Department an application certified and executed under
20 the penalty of perjury that specifies:

21 (1) the name and Social Security number of each qualified employee;

22 (2) the date of hire of each qualified employee, the wages paid to each
23 qualified employee, the date wages began to be paid to each qualified employee, and
24 the position for which each qualified employee was hired;

25 (3) the number of qualified positions created;

26 (4) the evidence that the employer meets the requirements of §
27 11–1101(c) of this subtitle;

28 (5) the evidence that the position meets the requirements of §
29 11–1101(d) of this subtitle; and

30 (6) any other information that the Department may require.

31 [(d)] (C) Based on the information provided to the Department under
32 subsection [(c)] (B) of this section, and in accordance with the provisions of subsection

1 [(e)] (D) of this section, within 60 days after receiving the application, the Secretary or
2 the Secretary's designee shall certify the maximum amount of the tax credit for which
3 a qualified employer is eligible.

4 [(e)] (1) Subject to the limitations in paragraphs (2), (3), and (4) of this
5 subsection, the credit earned under this section is \$5,000 multiplied by the number of
6 qualified employees hired by the qualified employer between the effective date of
7 Chapter 1 (S.B. 106) of the Acts of the General Assembly of 2010 and December 31,
8 2010.

9 (2) The credit earned by a qualified employer under this subtitle may
10 not exceed \$250,000.

11 (3) The total amount of credits approved by the Department under
12 this subtitle may not exceed \$20,000,000.

13 (4) The credits will be available and certified on a first-come,
14 first-served basis at the time of application.]

15 (D) (1) **A QUALIFIED EMPLOYER MAY CLAIM A CREDIT AGAINST THE**
16 **STATE INCOME TAX IN AN AMOUNT EQUAL TO:**

17 (I) **\$7,500 FOR EACH FULL-TIME QUALIFIED EMPLOYEE**
18 **THAT IS HIRED; AND**

19 (II) **\$1,000 FOR EACH PART-TIME QUALIFIED EMPLOYEE**
20 **THAT IS HIRED; AND**

21 (2) **IN ADDITION TO THE CREDIT ALLOWED UNDER PARAGRAPH**
22 **(1) OF THIS SUBSECTION, A QUALIFIED EMPLOYER MAY CLAIM AN ADDITIONAL**
23 **CREDIT EQUAL TO \$5,000 FOR EACH FULL-TIME QUALIFIED EMPLOYEE THAT IS**
24 **A MILITARY VETERAN.**

25 (3) **IN ADDITION TO THE CREDIT ALLOWED UNDER PARAGRAPH**
26 **(1) OF THIS SUBSECTION, A QUALIFIED EMPLOYER THAT HAS FEWER THAN 100**
27 **EMPLOYEES MAY CLAIM AN ADDITIONAL CREDIT EQUAL TO \$2,500 FOR EACH**
28 **FULL-TIME QUALIFIED EMPLOYEE THAT IS HIRED.**

29 [(f)] (E) For any qualified position certified under subsection [(d)] (C) of
30 this section that is vacated for any reason, the qualified employer must submit an
31 amended application under subsection [(c)] (B) of this section to receive the tax credit
32 for hiring a replacement qualified employee for that vacated position.

33 [(g)] (F) The Secretary and the Comptroller may jointly adopt regulations
34 to carry out this subtitle and the provisions of § 10-728 of the Tax – General Article.

1 11-1103.

2 (a) After receiving the certification in accordance with § [11-1102(d)]
3 **11-1102(C)** of this subtitle, and in accordance with § 11-1107 of this subtitle, a
4 qualified employer may claim an income tax credit in the amount provided in that
5 certification.

6 (b) To claim the credit certified under § [11-1102(d)] **11-1102(C)** of this
7 subtitle, a qualified employer shall submit to the Comptroller:

8 (1) a tax return for the taxable year to which the certification applies,
9 claiming the credit; and

10 (2) a copy of the Department's certification of the approved credit
11 amount.

12 11-1104.

13 (a) (1) A qualified position must remain filled for a period of [1 year] **6**
14 **MONTHS** after the qualified employee is hired and begins employment.

15 (2) If the position is vacated prior to the expiration of the [1-year]
16 **6-MONTH** period, the employer shall immediately notify the Department of the
17 vacancy.

18 (b) If a position is filled for less than the required [1-year] **6-MONTH** period,
19 the employer shall be entitled to a pro-rata portion of the tax credit based on the
20 duration of employment.

21 11-1106.

22 On or before April [1, 2011] **1 EACH YEAR**, the Department shall report to the
23 Governor and, in accordance with § 2-1246 of the State Government Article, the
24 General Assembly on the qualified employers certified as eligible for job creation and
25 recovery tax credits, the number of qualified positions for which they were certified,
26 the total amount of credits certified for each qualified employer, and the total amount
27 of credits certified.

28 11-1107.

29 (a) [(1)] The tax credit authorized under this subtitle[:

30 (i)] may be claimed only for individuals hired into qualified
31 positions for which they begin receiving wages on or after [the effective date of

1 Chapter 1 (S.B. 106) of the Acts of the General Assembly of 2010 but on or before
2 December 31, 2010; and

3 (ii) except as otherwise provided in this subsection, must be
4 claimed on the qualified employer's 2010 or 2011 State income tax return.

5 (2) In determining which year or years to claim the credit, the
6 qualified employer shall claim the credit for each calendar month of 2010 as that
7 month corresponds to the qualified employer's taxable year.

8 (3) If the qualified employer's 2009 tax year includes 2010 calendar
9 months, the qualified employer shall claim the credit on the qualifying employer's
10 2009 tax return for those 2010 calendar months corresponding to the qualified
11 employer's 2009 taxable year] **JULY 1, 2012.**

12 (b) [(1) Except as provided in paragraph (2) of this subsection, the amount
13 of credit that may be claimed in a taxable year for each qualified employee is \$416.67
14 multiplied by the number of months the qualified employee was employed in that
15 taxable year, provided that the total number of months for which the credit is claimed
16 for a particular qualified employee does not exceed 12 months.

17 (2) If, at the time of filing, a qualified employer's tax return for taxable
18 year 2010 includes a qualified employee who remained employed during calendar year
19 2011, a qualified employer may claim on that tax return the tax credit applicable to
20 that employee for the months during 2011, provided that the total number of months
21 for which the credit is claimed for a particular qualified employee does not exceed 12
22 months.

23 (c) If the credit allowed under this section in any corresponding taxable year
24 exceeds the total tax otherwise payable by the business entity or individual for that
25 taxable year, the business entity or individual may claim a refund in the amount of
26 the excess.

27 [(d)] (C) A refund payable under subsection [(c)] (B) of this section:

28 (1) operates to reduce the income tax revenue from corporations if the
29 person entitled to the refund is a corporation subject to taxation under Title 10 of the
30 Tax – General Article; and

31 (2) operates to reduce the income tax revenue from individuals if the
32 person entitled to the refund is:

33 (i) an individual subject to the income tax under Title 10 of the
34 Tax – General Article; or

35 (ii) an organization exempt from taxation under § 501(c) of the
36 Internal Revenue Code.

1 **[(e)] (D)** If, at the time of filing, a person is delinquent in the payment of
2 unemployment insurance contributions, State income taxes, withholding taxes, or
3 other debt or delinquent accounts due to the State, the person is not eligible for a
4 credit under this subtitle.

5 **Article – State Finance and Procurement**

6 **14-413.**

7 **A STATE UNIT THAT USES A COMPETITIVE SEALED BIDDING PROCESS TO**
8 **AWARD A CONSTRUCTION CONTRACT SHALL GIVE A PREFERENCE TO ANY**
9 **COMPANY THAT PARTICIPATES IN AN APPRENTICESHIP PROGRAM UNDER §**
10 **11-409 OF THE LABOR AND EMPLOYMENT ARTICLE.**

11 **SECTION 2. AND BE IT FURTHER ENACTED,** That this Act shall take effect
12 July 1, 2012, and shall be applicable to all taxable years beginning after December 31,
13 2011.