

HOUSE BILL 43

Q3

(PRE-FILED)

3lr0686
CF 3lr1106

By: **Delegate Glass**

Requested: October 31, 2012

Introduced and read first time: January 9, 2013

Assigned to: Ways and Means

A BILL ENTITLED

1 AN ACT concerning

2 **Income Tax Credit for Qualifying Employees – Sunset Repeal and Expansion**

3 FOR the purpose of repealing certain termination provisions and altering certain
4 dates of applicability for certain tax credits allowed to employers that hire
5 certain qualifying individuals with disabilities; allowing an individual or
6 corporation to claim a credit against the State income tax for certain wages paid
7 to certain qualified veterans; providing for the application of this Act; and
8 generally relating to a credit against the State income tax for certain qualified
9 individuals with disabilities and certain qualified veterans.

10 BY repealing and reenacting, with amendments,

11 Chapter 112 of the Acts of the General Assembly of 1997, as amended by
12 Chapter 614 of the Acts of the General Assembly of 1998, Chapter 448 of
13 the Acts of the General Assembly of 2000, Chapter 454 of the Acts of the
14 General Assembly of 2003, Chapter 394 of the Acts of the General
15 Assembly of 2006, Chapter 370 of the Acts of the General Assembly of
16 2007, Chapter 658 of the Acts of the General Assembly of 2008, Chapter
17 290 of the Acts of the General Assembly of 2009, Chapter 252 of the Acts
18 of the General Assembly of 2010, Chapter 558 of the Acts of the General
19 Assembly of 2011, and Chapter 467 of the Acts of the General Assembly
20 of 2012

21 Section 4 and 6

22 BY repealing and reenacting, with amendments,

23 Chapter 113 of the Acts of the General Assembly of 1997, as amended by
24 Chapter 614 of the Acts of the General Assembly of 1998, Chapter 448 of
25 the Acts of the General Assembly of 2000, Chapter 454 of the Acts of the
26 General Assembly of 2003, Chapter 394 of the Acts of the General
27 Assembly of 2006, Chapter 370 of the Acts of the General Assembly of
28 2007, Chapter 658 of the Acts of the General Assembly of 2008, Chapter

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 290 of the Acts of the General Assembly of 2009, Chapter 252 of the Acts
2 of the General Assembly of 2010, Chapter 558 of the Acts of the General
3 Assembly of 2011, and Chapter 467 of the Acts of the General Assembly
4 of 2012
5 Section 4 and 6

6 BY repealing and reenacting, with amendments,
7 Article – Tax – General
8 Section 10–704.7
9 Annotated Code of Maryland
10 (2010 Replacement Volume and 2012 Supplement)

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

13 **Chapter 112 of the Acts of 1997, as amended by Chapter 614 of the Acts of**
14 **1998, Chapter 448 of the Acts of 2000, Chapter 454 of the Acts of 2003, Chapter**
15 **394 of the Acts of 2006, Chapter 370 of the Acts of 2007, Chapter 658 of the**
16 **Acts of 2008, Chapter 290 of the Acts of 2009, Chapter 252 of the Acts of 2010,**
17 **Chapter 558 of the Acts of 2011, and Chapter 467 of the Acts of 2012**

18 SECTION 4. AND BE IT FURTHER ENACTED, That this Act shall be
19 applicable to all taxable years beginning after December 31, 1996 [but before January
20 1, 2016]; provided, however, that the tax credit under § 21–309 of the Education
21 Article, as enacted under Section 1 of this Act, shall be allowed only for employees
22 hired on or after October 1, 1997 [but before July 1, 2013; and provided further that
23 any excess credits under § 21–309 of the Education Article may be carried forward
24 and, subject to the limitations under § 21–309 of the Education Article, may be applied
25 as a credit for taxable years beginning on or after January 1, 2016].

26 SECTION 6. AND BE IT FURTHER ENACTED, That, subject to the provisions
27 of Section 4 of this Act, this Act shall take effect October 1, 1997. [It shall remain in
28 effect for a period of 15 years and 9 months and at the end of June 30, 2013, with no
29 further action required by the General Assembly, this Act shall be abrogated and of no
30 further force and effect.]

31 **Chapter 113 of the Acts of 1997, as amended by Chapter 614 of the Acts of**
32 **1998, Chapter 448 of the Acts of 2000, Chapter 454 of the Acts of 2003, Chapter**
33 **394 of the Acts of 2006, Chapter 370 of the Acts of 2007, Chapter 658 of the**
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6 of Section 4 of this Act, this Act shall take effect October 1, 1997. [It shall remain in
7 effect for a period of 15 years and 9 months and at the end of June 30, 2013, with no
8 further action required by the General Assembly, this Act shall be abrogated and of no
9 further force and effect.]

10 SECTION 2. AND BE IT FURTHER ENACTED, That the Laws of Maryland
11 read as follows:

12 **Article – Tax – General**

13 10–704.7.

14 **(A) (1) IN THIS SECTION, “QUALIFIED VETERAN” MEANS AN**
15 **INDIVIDUAL CERTIFIED BY THE DEPARTMENT OF LABOR, LICENSING, AND**
16 **REGULATION WHO:**

17 **(I) 1. SERVED ON ACTIVE DUTY IN THE ARMED FORCES**
18 **OF THE UNITED STATES FOR AT LEAST 180 DAYS; OR**

19 **2. WAS DISCHARGED OR RELEASED FROM ACTIVE**
20 **DUTY IN THE ARMED FORCES OF THE UNITED STATES FOR A**
21 **SERVICE–CONNECTED DISABILITY; AND**

22 **(II) IS A MEMBER OF A FAMILY THAT RECEIVED**
23 **SUPPLEMENTAL NUTRITION ASSISTANCE UNDER THE FEDERAL FOOD AND**
24 **NUTRITION ACT OF 2008 FOR AT LEAST 3 MONTHS DURING THE 12–MONTH**
25 **PERIOD PRIOR TO THE INDIVIDUAL’S HIRING DATE.**

26 **(2) “QUALIFIED VETERAN” INCLUDES A DISABLED VETERAN**
27 **CERTIFIED BY THE DEPARTMENT OF LABOR, LICENSING, AND REGULATION**
28 **WHO IS ENTITLED TO COMPENSATION FOR A SERVICE–CONNECTED DISABILITY**
29 **AND:**

30 **(I) IS HIRED WITHIN 1 YEAR FROM THE DATE THE**
31 **INDIVIDUAL WAS DISCHARGED OR RELEASED FROM ACTIVE DUTY IN THE**
32 **ARMED FORCES OF THE UNITED STATES; OR**

1 **(II) HAS BEEN UNEMPLOYED FOR AT LEAST 6 MONTHS**
2 **DURING THE 12-MONTH PERIOD PRIOR TO THE INDIVIDUAL'S HIRING DATE.**

3 **[(a)] (B)** An individual or a corporation may claim a credit against the
4 income tax for:

5 (1) wages paid to a qualified employee with a disability; **[and]**

6 (2) (i) child care provided or paid for by a business entity for the
7 children of a qualified employee with a disability as provided under § 21-309 of the
8 Education Article; or

9 (ii) transportation provided or paid for by the business entity for
10 a qualified employee with a disability as provided under § 21-309 of the Education
11 Article; **AND**

12 **(3) WAGES PAID TO A QUALIFIED VETERAN.**

13 **[(b)] (C)** (1) An organization that is exempt from taxation under §
14 501(c)(3) or (4) of the Internal Revenue Code may apply the credit under this section:

15 (i) as a credit against income tax due on unrelated business
16 taxable income as provided under §§ 10-304 and 10-812 of this title; or

17 (ii) as a credit for the payment to the Comptroller of taxes that
18 the organization:

19 1. is required to withhold from the wages of employees
20 under § 10-908 of this title; and

21 2. is required to pay to the Comptroller under §
22 10-906(a) of this title.

23 (2) If the credit allowed under this subsection in any taxable year
24 exceeds the sum of the State income tax otherwise payable by the organization for that
25 taxable year and the taxes that the organization has withheld from the wages of
26 employees and is required to pay to the Comptroller under § 10-906(a) of this title for
27 the taxable year, the organization may apply the excess as a credit under paragraph
28 (1)(i) or (ii) of this subsection in succeeding taxable years for the carryforward period
29 provided in § 21-309 of the Education Article.

30 (3) The Comptroller shall adopt regulations to provide procedures for
31 claiming and applying credits authorized under paragraph (1)(ii) of this subsection.

1 SECTION 3. AND BE IT FURTHER ENACTED, That Section 2 of this Act shall
2 take effect July 1, 2013, and shall be applicable to all taxable years beginning after
3 December 31, 2012.

4 SECTION 4. AND BE IT FURTHER ENACTED, That, except as provided in
5 Section 3 of this Act, this Act shall take effect June 1, 2013.