

HOUSE BILL 619

Q3
HB 1064/13 – W&M

5lr2092

By: **Delegates Haynes, A. Miller, Pena–Melnyk, and Sydnor**

Introduced and read first time: February 12, 2015

Assigned to: Ways and Means

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

11 BY adding to
12 Article – Tax – General
13 Section 10–737
14 Annotated Code of Maryland
15 (2010 Replacement Volume and 2014 Supplement)

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

18 **Article – Tax – General**

19 **10–737.**

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

22 (2) “BUSINESS ENTITY” MEANS:

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 THE STATE THAT IS
4 EXEMPT FROM TAXATION UNDER § 501(C)(3) OR (4) OF THE INTERNAL REVENUE
5 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 WHO WORKS A FLEXIBLE WORKWEEK FOR AT LEAST 3 MONTHS DURING THE
11 TAXABLE YEAR.

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

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

20 (C) FOR ANY TAXABLE YEAR, THE CREDIT ALLOWED UNDER THIS SECTION
21 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, THE
25 TOTAL AMOUNT OF THE CREDIT ALLOWED UNDER THIS SECTION FOR ANY TAXABLE
26 YEAR MAY NOT EXCEED THE STATE INCOME TAX FOR THAT TAXABLE YEAR.

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

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

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

4 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect July
5 1, 2015, and shall be applicable to all taxable years beginning after December 31, 2014.