

SENATE BILL 646

Q3, F5

6lr1401

By: **Senators King, DeGrange, Guzzone, Madaleno, Raskin, and Serafini**

Introduced and read first time: February 5, 2016

Assigned to: Budget and Taxation

A BILL ENTITLED

1 AN ACT concerning

2 **Income Tax Credit – Eligible Employers – Eligible Internships**

3 FOR the purpose of allowing certain eligible employers a credit, up to a certain amount,
4 against the State income tax for employing certain eligible interns subject to certain
5 limitations; requiring an eligible employer to enter into a certain agreement with a
6 certain eligible institution of higher education; requiring a certain eligible employer
7 to submit a certain application to the Department of Labor, Licensing, and
8 Regulation at a certain time; requiring the Department to approve certain
9 applications on a first-come, first-served basis and within a certain time period;
10 limiting the amount of tax credit certificates that may be issued in any taxable year
11 to a certain amount; providing for the carryforward of the credit; requiring the
12 Department to adopt certain regulations; defining certain terms; providing for the
13 application of this Act; and generally relating to a tax credit for certain internships.

14 BY adding to

15 Article – Tax – General

16 Section 10–737

17 Annotated Code of Maryland

18 (2010 Replacement Volume and 2015 Supplement)

19 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND,

20 That the Laws of Maryland read as follows:

21 **Article – Tax – General**

22 **10–737.**

23 **(A) (1) IN THIS SECTION THE FOLLOWING WORDS HAVE THE MEANINGS**
24 **INDICATED.**

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 **(2) “DEPARTMENT” MEANS THE DEPARTMENT OF LABOR,**
2 **LICENSING, AND REGULATION.**

3 **(3) “ELIGIBLE EMPLOYER” MEANS A BUSINESS ENTITY:**

4 **(I) LOCATED IN THE STATE; AND**

5 **(II) THAT WOULD NOT HAVE HIRED AN ELIGIBLE INTERN**
6 **WITHOUT THE TAX CREDIT PROVIDED UNDER THIS SECTION.**

7 **(4) “ELIGIBLE INSTITUTION” MEANS A PUBLIC OR PRIVATE**
8 **NONPROFIT INSTITUTION OF HIGHER EDUCATION IN THE STATE.**

9 **(5) “ELIGIBLE INTERN” MEANS A STUDENT WHO:**

10 **(I) IS ENROLLED IN AN ELIGIBLE INSTITUTION;**

11 **(II) HAS COMPLETED AT LEAST 50% OF THE CREDITS REQUIRED**
12 **TO EARN AN ASSOCIATE, BACHELOR, OR GRADUATE DEGREE;**

13 **(III) WORKS AT LEAST 10 HOURS PER WEEK FOR A MINIMUM OF**
14 **8 WEEKS FOR AN ELIGIBLE EMPLOYER;**

15 **(IV) IS PAID AT LEAST 100% OF THE FEDERAL MINIMUM WAGE;**

16 **(V) HAS NOT PREVIOUSLY WORKED FOR THE ELIGIBLE**
17 **EMPLOYER IN THE SAME JOB OR A SIMILAR JOB;**

18 **(VI) IS NOT A PERMANENT EMPLOYEE OF THE ELIGIBLE**
19 **EMPLOYER;**

20 **(VII) DOES NOT REPLACE AN EXISTING EMPLOYEE OF THE**
21 **ELIGIBLE EMPLOYER; AND**

22 **(VIII) HAS NOT BEEN PREVIOUSLY CLAIMED BY ANY ELIGIBLE**
23 **EMPLOYER IN ANY TAXABLE YEAR FOR THE PURPOSES OF THE TAX CREDIT UNDER**
24 **THIS SECTION.**

25 **(B) (1) SUBJECT TO THE LIMITATIONS OF THIS SECTION, FOR THE**
26 **TAXABLE YEAR IN WHICH AN ELIGIBLE EMPLOYER EMPLOYS AN ELIGIBLE INTERN,**
27 **THE ELIGIBLE EMPLOYER MAY CLAIM A CREDIT AGAINST THE STATE INCOME TAX IN**
28 **AN AMOUNT EQUAL TO THE AMOUNT OF TAX CREDIT STATED IN THE CREDIT**

1 CERTIFICATE ISSUED TO AN ELIGIBLE EMPLOYER AS PROVIDED UNDER THIS
2 SECTION.

3 (2) THE AMOUNT OF THE TAX CREDIT ALLOWED UNDER THIS SECTION
4 MAY NOT EXCEED:

5 (I) \$1,000 FOR EACH ELIGIBLE INTERN; OR

6 (II) 10% OF THE WAGES PAID TO EACH ELIGIBLE INTERN.

7 (3) AN ELIGIBLE EMPLOYER MAY NOT CLAIM A CREDIT FOR MORE
8 THAN FIVE ELIGIBLE INTERNS EMPLOYED IN THE TAXABLE YEAR FOR WHICH THE
9 ELIGIBLE EMPLOYER CLAIMS THE CREDIT.

10 (C) TO CLAIM THE CREDIT ALLOWED UNDER THIS SECTION, AN ELIGIBLE
11 EMPLOYER MUST ENTER INTO A WRITTEN AGREEMENT WITH AN ELIGIBLE
12 INSTITUTION SPECIFYING THAT THE ELIGIBLE INTERN:

13 (1) WILL BE SUPERVISED AND EVALUATED BY THE ELIGIBLE
14 EMPLOYER;

15 (2) IS NOT REQUIRED TO PERFORM THE INTERNSHIP FOR A SPECIFIC
16 DEGREE PROGRAM THAT REQUIRES PRACTICAL EXPERIENCE, INCLUDING STUDENT
17 TEACHING OR STUDENT NURSING; AND

18 (3) (I) WILL EARN ACADEMIC CREDIT FOR COMPLETING THE
19 INTERNSHIP; OR

20 (II) IF NO ACADEMIC CREDIT WILL BE EARNED, WILL WORK IN
21 AN INTERNSHIP RELATED TO THE ELIGIBLE INTERN'S FIELD OF STUDY AT THE
22 ELIGIBLE INSTITUTION.

23 (D) (1) AT LEAST 30 DAYS PRIOR TO EMPLOYING AN ELIGIBLE INTERN
24 FOR WHICH AN ELIGIBLE EMPLOYER WOULD BE ELIGIBLE FOR A TAX CREDIT UNDER
25 THIS SECTION, THE ELIGIBLE EMPLOYER SHALL SUBMIT AN APPLICATION TO THE
26 DEPARTMENT.

27 (2) THE DEPARTMENT SHALL:

28 (I) APPROVE ALL APPLICATIONS THAT QUALIFY FOR CREDITS
29 UNDER THIS SECTION ON A FIRST-COME, FIRST-SERVED BASIS; AND

1 **(II) WITHIN 30 DAYS OF RECEIPT OF AN APPLICATION, CERTIFY**
2 **THE AMOUNT OF ANY APPROVED TAX CREDITS TO AN ELIGIBLE EMPLOYER.**

3 **(3) FOR ANY TAXABLE YEAR, THE DEPARTMENT MAY NOT ISSUE**
4 **MORE THAN \$500,000 IN TAX CREDIT CERTIFICATES.**

5 **(E) IF THE CREDIT ALLOWED UNDER THIS SECTION IN ANY TAXABLE YEAR**
6 **EXCEEDS THE STATE INCOME TAX FOR THAT TAXABLE YEAR, AN INDIVIDUAL OR**
7 **CORPORATION MAY APPLY THE EXCESS AS A CREDIT AGAINST THE STATE INCOME**
8 **TAX FOR SUCCEEDING TAXABLE YEARS UNTIL THE EARLIER OF:**

9 **(1) THE FULL AMOUNT OF THE EXCESS IS USED; OR**

10 **(2) THE EXPIRATION OF THE 7TH TAXABLE YEAR AFTER THE TAXABLE**
11 **YEAR IN WHICH THE ELIGIBLE EMPLOYER EMPLOYED THE ELIGIBLE INTERN.**

12 **(F) THE DEPARTMENT SHALL ADOPT REGULATIONS TO CARRY OUT THE**
13 **PROVISIONS OF THIS SECTION AND TO SPECIFY CRITERIA AND PROCEDURES FOR**
14 **APPLICATION FOR AND APPROVAL OF TAX CREDIT CERTIFICATES FOR THE TAX**
15 **CREDIT UNDER THIS SECTION.**

16 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect July
17 1, 2016, and shall be applicable to all taxable years beginning after December 31, 2015.