

HB0001/103227/1

BY: Delegate Flanagan

AMENDMENTS TO HOUSE BILL 1
(First Reading File Bill)

AMENDMENT NO. 1

On page 2, in line 19, after “employers;” insert “allowing certain members of certain pass-through entities a credit, up to a certain amount, against the State income tax for certain hours of earned sick and safe leave provided to certain employees; providing for the calculation of the credit; making the credit refundable;”; and after line 32, insert:

“BY adding to

Article - Tax - General

Section 10-741

Annotated Code of Maryland

(2016 Replacement Volume)”.

AMENDMENT NO. 2

On page 7, in line 9, after “**(3)**” insert “**AN EMPLOYER WHO PROVIDES THE EMPLOYER’S EMPLOYEES WITH PAID LEAVE AS PROVIDED IN THIS SECTION IS ENTITLED TO THE INCOME TAX CREDIT UNDER §10-741 OF THE TAX – GENERAL ARTICLE.**

(4)”.

On page 16, after line 7, insert:

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

Article – Tax – General

(Over)

10-741.

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

(2) "EARNED SICK AND SAFE LEAVE" HAS THE MEANING STATED IN § 3-1301 OF THE LABOR AND EMPLOYMENT ARTICLE.

(3) "MEMBER" MEANS:

(I) A SHAREHOLDER OF AN S CORPORATION;

(II) A GENERAL OR LIMITED PARTNER OF A PARTNERSHIP, LIMITED PARTNERSHIP, OR LIMITED LIABILITY PARTNERSHIP;

(III) A MEMBER OF A LIMITED LIABILITY COMPANY;

(IV) A BENEFICIARY OF A BUSINESS TRUST OR STATUTORY TRUST; OR

(V) A SOLE PROPRIETOR.

(4) "PASS-THROUGH ENTITY" MEANS:

(I) AN S CORPORATION;

(II) A PARTNERSHIP;

(III) A LIMITED LIABILITY COMPANY THAT IS NOT TAXED AS A CORPORATION UNDER THIS TITLE;

(IV) A BUSINESS TRUST OR STATUTORY TRUST THAT IS NOT TAXED AS A CORPORATION UNDER THIS TITLE; OR

(V) A SOLE PROPRIETORSHIP.

(5) "QUALIFIED EMPLOYEE" MEANS AN EMPLOYEE WHO PROVIDES ANY OF THE FOLLOWING SERVICES FOR AN INDIVIDUAL WHOSE ATTENDING PHYSICIAN OR REGISTERED NURSE HAS CERTIFIED THOSE SERVICES AS NECESSARY:

(I) DRESSING;

(II) PREPARING FOOD AND ASSISTING WITH EATING;

(III) BATHING AND PERSONAL HYGIENE;

(IV) ASSISTING WITH ROUTINE BODILY FUNCTIONS, INCLUDING BOWEL AND URINARY CARE;

(V) MOVING INTO, OUT OF, OR TURNING IN BED;

(VI) LAUNDERING AND OTHER CLOTHING CARE; AND

(VII) CLEANING HOUSE AND PERFORMING OTHER SERVICES OF DAILY CARE, INCLUDING SHOPPING AND TRANSPORTATION, THAT THE INDIVIDUAL REQUESTS.

(6) “QUALIFIED TAXPAYER” MEANS AN INDIVIDUAL WHO:

(I) IS A MEMBER OF A PASS-THROUGH ENTITY THAT EMPLOYS AT LEAST 15 INDIVIDUALS, BUT NOT MORE THAN 49 INDIVIDUALS, WHO ARE NOT MEMBERS OF THE PASS-THROUGH ENTITY; AND

(II) WHO MATERIALLY PARTICIPATES IN THE DAY-TO-DAY OPERATIONS OF THE TRADE OR BUSINESS OF THAT PASS-THROUGH ENTITY.

(B) SUBJECT TO THE LIMITATIONS OF THIS SECTION, A QUALIFIED TAXPAYER WHO IS A MEMBER OF A PASS-THROUGH ENTITY THAT MEETS THE REQUIREMENTS OF TITLE 3, SUBTITLE 13 OF THE LABOR AND EMPLOYMENT ARTICLE MAY CLAIM A CREDIT AGAINST THE STATE INCOME TAX IN AN AMOUNT EQUAL TO \$15 FOR EACH HOUR OF EARNED SICK AND SAFE LEAVE PROVIDED BY THE PASS-THROUGH ENTITY TO A QUALIFIED EMPLOYEE.

(C) (1) FOR ANY TAXABLE YEAR, THE MEMBERS OF A PASS-THROUGH ENTITY MAY NOT CLAIM CREDITS THAT, IN THE AGGREGATE, EXCEED \$20,000.

(2) IF THE CREDIT ALLOWED UNDER THIS SECTION IS CLAIMED BY MORE THAN ONE MEMBER OF A PASS-THROUGH ENTITY, THE AMOUNT OF THE CREDIT SHALL BE DIVIDED PROPORTIONALLY AMONG THE MEMBERS OF THE PASS-THROUGH ENTITY.

(D) IF THE CREDIT ALLOWED UNDER THIS SECTION IN ANY TAXABLE YEAR EXCEEDS THE TOTAL INCOME TAX OTHERWISE PAYABLE BY THE QUALIFIED TAXPAYER FOR THAT TAXABLE YEAR, THE QUALIFIED TAXPAYER MAY CLAIM A REFUND IN THE AMOUNT OF THE EXCESS.”;

in lines 8 and 13, strike “2.” and “3.”, respectively, and substitute “3.” and “4.”, respectively; in line 8, after “That” insert “Section 1 of”; and in line 14, after “2018” insert “, and Section 2 of this Act shall be applicable to all taxable years beginning after December 31, 2017”.