

HOUSE BILL 349

Q3

7lr1130
CF SB 807

By: Delegates Miele, Afzali, Angel, Aumann, Barkley, Brooks, Cassilly, Chang, Ciliberti, Cluster, Ebersole, Folden, Frush, Grammer, Hixson, Holmes, Hornberger, S. Howard, Jalisi, Krebs, Long, McConkey, Metzgar, Pena-Melnyk, Queen, Rose, Saab, Shoemaker, Sophocleus, Szeliga, Turner, Valentino-Smith, C. Wilson, and P. Young P. Young, Ali, D. Barnes, Buckel, C. Howard, Kaiser, Luedtke, McMillan, Mosby, Patterson, Reilly, Simonaire, Tarlau, Walker, and Wilkins

Introduced and read first time: January 25, 2017

Assigned to: Ways and Means

Committee Report: Favorable with amendments

House action: Adopted

Read second time: March 14, 2017

CHAPTER _____

1 AN ACT concerning

2 **Income Tax Credit – Wages Paid to Qualified Veteran Employees**
3 **(Hire Our Veterans Act of 2017)**

4 FOR the purpose of allowing a credit against the State income tax for certain wages paid
5 by certain small businesses to certain qualified veteran employees; providing for the
6 calculation of the credit; prohibiting a small business from claiming the credit under
7 certain circumstances; ~~requiring the small business to submit certain documentation~~
8 ~~to qualify for the credit;~~ requiring the Department of Veterans Affairs, on application
9 of a small business, to issue a tax credit certificate under certain circumstances;
10 requiring the application to contain certain information; requiring the Department
11 to approve applications on a first-come, first-served basis and notify applicants of
12 approval or denial of an application within a certain number of days after receipt of
13 the application; providing that the total amount of tax credit certificates issued by
14 the Department may not exceed a certain amount for each taxable year; requiring
15 the Department to report certain information to the Comptroller on or before a
16 certain date each year; requiring the Department to adopt certain regulations;
17 requiring the Secretary of Veterans Affairs to report to the General Assembly on or
18 before a certain date; defining certain terms; providing for the application of this Act;

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.

Underlining indicates amendments to bill.

~~Strike out~~ indicates matter stricken from the bill by amendment or deleted from the law by amendment.



1 and generally relating to a State income tax credit for wages paid to qualified veteran
2 employees.

3 BY adding to

4 Article – Tax – General

5 Section 10–741

6 Annotated Code of Maryland

7 (2016 Replacement Volume)

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

10 **Article – Tax – General**

11 **10–741.**

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

14 (2) “DEPARTMENT” MEANS THE DEPARTMENT OF VETERANS
15 AFFAIRS.

16 ~~(2)~~ (3) “QUALIFIED VETERAN EMPLOYEE” MEANS AN INDIVIDUAL
17 WHO:

18 (I) IS HONORABLY DISCHARGED OR RELEASED UNDER
19 HONORABLE CIRCUMSTANCES FROM ACTIVE MILITARY, NAVAL, OR AIR SERVICE AS
20 DEFINED IN 38 U.S.C. § 101; AND

21 (II) IS A QUALIFIED VETERAN AS DEFINED UNDER 26 U.S.C. §
22 51(D)(3)(A) FOR PURPOSES OF THE FEDERAL WORK OPPORTUNITY TAX CREDIT.

23 ~~(3)~~ (4) “SMALL BUSINESS” MEANS AN INDIVIDUAL, A
24 PARTNERSHIP, A LIMITED PARTNERSHIP, A LIMITED LIABILITY PARTNERSHIP, A
25 LIMITED LIABILITY COMPANY, OR A CORPORATION THAT EMPLOYS 50 OR FEWER
26 FULL–TIME EMPLOYEES.

27 (B) EXCEPT AS PROVIDED IN SUBSECTION (D) OF THIS SECTION, A SMALL
28 BUSINESS THAT HIRES A QUALIFIED VETERAN EMPLOYEE MAY CLAIM A CREDIT
29 AGAINST THE STATE INCOME TAX ~~IN THE AMOUNTS DETERMINED UNDER~~
30 ~~SUBSECTION (C) OF THIS SECTION~~ IN THE AMOUNT STATED ON THE TAX CREDIT
31 CERTIFICATE ISSUED UNDER SUBSECTION (E) OF THIS SECTION FOR WAGES PAID TO
32 THE QUALIFIED VETERAN EMPLOYEE.

1 (C) FOR EACH TAXABLE YEAR, FOR THE WAGES PAID TO EACH QUALIFIED
2 VETERAN EMPLOYEE, A CREDIT ~~IS ALLOWED IN AN AMOUNT EQUAL TO:~~

3 ~~(1) MAY NOT EXCEED 30% OF UP TO THE FIRST \$6,000 OF WAGES PAID~~
4 ~~TO THE QUALIFIED VETERAN EMPLOYEE DURING THE FIRST YEAR OF EMPLOYMENT;~~
5 ~~AND~~

6 ~~(2) 20% OF UP TO THE FIRST \$6,000 OF WAGES PAID TO THE~~
7 ~~QUALIFIED VETERAN EMPLOYEE DURING THE SECOND YEAR OF EMPLOYMENT.~~

8 (D) A SMALL BUSINESS MAY NOT CLAIM THE CREDIT UNDER THIS SECTION:

9 (1) FOR MORE THAN FIVE QUALIFIED VETERAN EMPLOYEES IN A
10 TAXABLE YEAR; OR

11 (2) FOR A QUALIFIED VETERAN EMPLOYEE WHO IS HIRED TO
12 REPLACE A LAID-OFF EMPLOYEE OR AN EMPLOYEE WHO IS ON STRIKE.

13 (E) (1) ON APPLICATION BY A SMALL BUSINESS, THE DEPARTMENT
14 SHALL ISSUE A TAX CREDIT CERTIFICATE IN THE AMOUNT ALLOWABLE UNDER
15 SUBSECTION (C) OF THIS SECTION FOR EACH QUALIFIED VETERAN EMPLOYEE
16 EMPLOYED BY THE SMALL BUSINESS IN A TAXABLE YEAR, SUBJECT TO SUBSECTION
17 (D)(1) OF THIS SECTION.

18 (2) THE APPLICATION SHALL INCLUDE:

19 (I) THE NAME OF THE SMALL BUSINESS;

20 (II) INFORMATION IDENTIFYING THE NAME AND DATE OF HIRE
21 OF THE QUALIFIED VETERAN EMPLOYEE;

22 (III) PROOF OF THE WAGES PAID TO THE QUALIFIED VETERAN
23 EMPLOYEE; AND

24 (IV) ANY OTHER INFORMATION THAT THE DEPARTMENT
25 REQUIRES.

26 (3) THE DEPARTMENT SHALL:

27 (I) APPROVE ALL APPLICATIONS THAT QUALIFY FOR A TAX
28 CREDIT CERTIFICATE UNDER THIS SUBSECTION ON A FIRST-COME, FIRST-SERVED
29 BASIS; AND

30 (II) NOTIFY THE SMALL BUSINESS WITHIN 45 DAYS AFTER THE
31 RECEIPT OF THE APPLICATION OF THE DEPARTMENT'S APPROVAL OR DENIAL.

1 **(4) FOR EACH TAXABLE YEAR, THE TOTAL AMOUNT OF THE CREDIT**
2 **CERTIFICATES THAT MAY BE ISSUED BY THE DEPARTMENT UNDER THIS SECTION**
3 **MAY NOT EXCEED \$500,000.**

4 **(F) ON OR BEFORE JANUARY 31 OF EACH TAXABLE YEAR, THE**
5 **DEPARTMENT SHALL REPORT TO THE COMPTROLLER ON THE TAX CREDIT**
6 **CERTIFICATES ISSUED UNDER THIS SECTION DURING THE PRIOR TAXABLE YEAR.**

7 **(G) THE DEPARTMENT SHALL ADOPT REGULATIONS TO:**

8 **(1) IMPLEMENT THE PROVISIONS OF THIS SECTION; AND**

9 **(2) SPECIFY CRITERIA AND PROCEDURES FOR APPLICATION FOR,**
10 **APPROVAL OF, AND MONITORING CONTINUING ELIGIBILITY FOR THE TAX CREDIT**
11 **UNDER THIS SECTION.**

12 ~~**(E) TO QUALIFY FOR THE CREDIT PROVIDED UNDER THIS SECTION, FOR**~~
13 ~~**EACH QUALIFIED VETERAN EMPLOYEE FOR WHOM THE SMALL BUSINESS IS**~~
14 ~~**CLAIMING THE CREDIT, THE SMALL BUSINESS SHALL ATTACH TO THE SMALL**~~
15 ~~**BUSINESS'S INCOME TAX RETURN OR OTHERWISE FILE WITH THE COMPTROLLER:**~~

16 ~~**(1) INFORMATION IDENTIFYING THE NAME AND DATE OF HIRE OF THE**~~
17 ~~**QUALIFIED VETERAN EMPLOYEE; AND**~~

18 ~~**(2) PROOF OF THE WAGES PAID TO THE QUALIFIED VETERAN**~~
19 ~~**EMPLOYEE.**~~

20 **SECTION 2. AND BE IT FURTHER ENACTED, That, on or before June 30, 2020,**
21 **the Secretary of Veterans Affairs shall report to the General Assembly, in accordance with**
22 **§ 2-1246 of the State Government Article, on the effectiveness of the tax credit established**
23 **under this Act.**

24 **SECTION ~~2~~ 3. AND BE IT FURTHER ENACTED, That this Act shall take effect**
25 **July 1, 2017, and shall be applicable to all taxable years beginning after December 31, 2016.**