

# SENATE BILL 807

Q3

7lr2618  
CF HB 349

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By: ~~Senators Smith and Astle~~, Astle, Kasemeyer, Madaleno, Currie, DeGrange, Eckardt, Edwards, Ferguson, Guzzone, King, Manno, McFadden, Peters, and Serafini

Introduced and read first time: February 3, 2017  
Assigned to: Budget and Taxation

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Committee Report: Favorable with amendments  
Senate action: Adopted  
Read second time: March 28, 2017

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## 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 Commerce, on application of a  
9 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 Commerce to report to the General Assembly on or before  
18 a certain date; defining certain terms; providing for the application of this Act; and  
19 generally relating to a State income tax credit for wages paid to qualified veteran  
20 employees.

21 BY adding to  
22 Article – Tax – General

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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 Section 10-741  
 2 Annotated Code of Maryland  
 3 (2016 Replacement Volume)

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

6 **Article – Tax – General**

7 **10-741.**

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

10 (2) “DEPARTMENT” MEANS THE DEPARTMENT OF COMMERCE.

11 ~~(2)~~ (3) “QUALIFIED VETERAN EMPLOYEE” MEANS AN INDIVIDUAL  
 12 WHO:

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

16 (II) IS A QUALIFIED VETERAN AS DEFINED UNDER 26 U.S.C. §  
 17 51(D)(3)(A) FOR PURPOSES OF THE FEDERAL WORK OPPORTUNITY TAX CREDIT.

18 ~~(3)~~ (4) “SMALL BUSINESS” MEANS AN INDIVIDUAL, A  
 19 PARTNERSHIP, A LIMITED PARTNERSHIP, A LIMITED LIABILITY PARTNERSHIP, A  
 20 LIMITED LIABILITY COMPANY, OR A CORPORATION THAT EMPLOYS 50 OR FEWER  
 21 FULL-TIME EMPLOYEES.

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

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

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

1           ~~(2) 20% OF UP TO THE FIRST \$6,000 OF WAGES PAID TO THE~~  
2 ~~QUALIFIED VETERAN EMPLOYEE DURING THE SECOND YEAR OF EMPLOYMENT.~~

3           (D) A SMALL BUSINESS MAY NOT CLAIM THE CREDIT UNDER THIS SECTION;

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

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

8           (E) (1) ON APPLICATION BY A SMALL BUSINESS, THE DEPARTMENT  
9 SHALL ISSUE A TAX CREDIT CERTIFICATE IN THE AMOUNT ALLOWABLE UNDER  
10 SUBSECTION (C) OF THIS SECTION FOR EACH QUALIFIED VETERAN EMPLOYEE  
11 EMPLOYED BY THE SMALL BUSINESS IN A TAXABLE YEAR, SUBJECT TO SUBSECTION  
12 (D)(1) OF THIS SECTION.

13           (2) THE APPLICATION SHALL INCLUDE:

14           (I) THE NAME OF THE SMALL BUSINESS;

15           (II) INFORMATION IDENTIFYING THE NAME AND DATE OF HIRE  
16 OF THE QUALIFIED VETERAN EMPLOYEE;

17           (III) PROOF OF THE WAGES PAID TO THE QUALIFIED VETERAN  
18 EMPLOYEE; AND

19           (IV) ANY OTHER INFORMATION THAT THE DEPARTMENT  
20 REQUIRES.

21           (3) THE DEPARTMENT SHALL:

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

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

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

1 (F) ON OR BEFORE JANUARY 31 EACH TAXABLE YEAR, THE DEPARTMENT  
2 SHALL REPORT TO THE COMPTROLLER ON THE TAX CREDIT CERTIFICATES ISSUED  
3 UNDER THIS SECTION DURING THE PRIOR TAXABLE YEAR.

4 (G) THE DEPARTMENT SHALL ADOPT REGULATIONS TO:

5 (1) IMPLEMENT THE PROVISIONS OF THIS SECTION; AND

6 (2) SPECIFY CRITERIA AND PROCEDURES FOR APPLICATION FOR,  
7 APPROVAL OF, AND MONITORING CONTINUING ELIGIBILITY FOR THE TAX CREDIT  
8 UNDER THIS SECTION.

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

13 ~~(1) INFORMATION IDENTIFYING THE NAME AND DATE OF HIRE OF THE~~  
14 ~~QUALIFIED VETERAN EMPLOYEE; AND~~

15 ~~(2) PROOF OF THE WAGES PAID TO THE QUALIFIED VETERAN~~  
16 ~~EMPLOYEE.~~

17 SECTION 2. AND BE IT FURTHER ENACTED, That, on or before June 30, 2020,  
18 the Secretary of Commerce shall report to the General Assembly, in accordance with §  
19 2-1246 of the State Government Article, on the effectiveness of the tax credit established  
20 under this Act.

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

Approved:

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Governor.

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President of the Senate.

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Speaker of the House of Delegates.