

SENATE BILL 751

Q3

(0lr1954)

ENROLLED BILL

— Budget and Taxation / Ways and Means —

Introduced by **Senator Rosapepe**

Read and Examined by Proofreaders:

Proofreader.

Proofreader.

Sealed with the Great Seal and presented to the Governor, for his approval this

_____ day of _____ at _____ o'clock, _____ M.

President.

CHAPTER _____

1 AN ACT concerning

2 **Apprenticeship Start-Up Act of 2020**

3 FOR the purpose of altering the definition of “eligible apprentice” for purposes of a certain
4 credit against the State income tax for the employment of certain eligible apprentices
5 ~~to include certain individuals employed through a youth apprenticeship program;~~
6 ~~prohibiting a taxpayer from claiming the credit for more than a certain number of~~
7 ~~eligible apprentices;~~ altering the amount of the credit; authorizing a taxpayer to
8 apply to the Maryland Department of Labor for a tax credit certificate; providing for
9 the form and content of the application; ~~requiring the Maryland Department of~~
10 ~~Labor, in consultation with the Department of Commerce, to review and approve~~
11 ~~certain applications;~~ requiring the Maryland Department of Labor
12 certificates on a first-come, first-served basis, subject to certain limitations, and to
13 provide certain notice to the applicant; altering the maximum amount of credits that
14 the Maryland Department of Labor may approve in the aggregate each year;
15 providing that tax credit certificate amounts not issued during a taxable year may

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.

Italics indicate opposite chamber / conference committee amendments.



1 be carried over and issued during the next taxable year; establishing the
 2 Apprenticeship Tax Credit Reserve Fund as a special, nonlapsing fund; specifying
 3 the purpose of the Fund; requiring the ~~Maryland~~ Department of Labor to administer
 4 the Fund; requiring the State Treasurer to hold the Fund and the Comptroller to
 5 account for the Fund; specifying the contents of the Fund; providing for the
 6 investment of money in and expenditures from the Fund; requiring the Governor to
 7 include an appropriation to the Fund in the annual budget bill; requiring the
 8 Comptroller to transfer certain amounts from the Fund to the General Fund under
 9 certain circumstances; prohibiting the Governor from reducing a certain
 10 appropriation to the Fund; ~~repealing~~ *extending for a certain number of years* the
 11 termination of the credit; defining certain terms; providing for the application of
 12 certain provisions of this Act; and generally relating to an income tax credit for
 13 employers of eligible apprentices.

14 BY repealing and reenacting, with amendments,
 15 Article – Tax – General
 16 Section 10–742
 17 Annotated Code of Maryland
 18 (2016 Replacement Volume and 2019 Supplement)

19 BY repealing and reenacting, with amendments,
 20 Chapter 149 of the Acts of the General Assembly of 2017
 21 Section 9

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

24 **Article – Tax – General**

25 10–742.

26 (a) **(1)** In this section[,“eligible”] **THE FOLLOWING WORDS HAVE THE**
 27 **MEANINGS INDICATED.**

28 **(2)** **“DEPARTMENT” MEANS THE MARYLAND DEPARTMENT OF**
 29 **LABOR.**

30 **(3)** **“ELIGIBLE apprentice” means an individual who:**

31 **[(1)] (I)** is enrolled in an apprenticeship training program ***THAT:***

32 ***1. IS*** registered with the Maryland Apprenticeship and
 33 Training Council in accordance with § 11–405 of the Labor and Employment Article; ~~and~~

34 ***2. PROVIDES HIGHLY SUPERVISED TRAINING SKILLS***
 35 ***THROUGH A CERTIFIED APPRENTICESHIP TRAINING PROGRAM, FOR CLASSROOM***

1 CREDIT OFFERED AT COMMUNITY COLLEGES, UNIVERSITIES, HIGH SCHOOLS,
 2 VOCATIONAL TRAINING CENTERS, OR DIRECTLY THROUGH CERTIFIED
 3 APPRENTICESHIP TRAINING CENTERS REGISTERED WITH THE STATE;

4 3. MEETS MARYLAND APPRENTICESHIP AND TRAINING
 5 COUNCIL REQUIREMENTS FOR YOUTH APPRENTICESHIPS AND REGISTERED
 6 APPRENTICESHIPS, AS APPLICABLE; AND

7 4. COMPLIES WITH 29 C.F.R. § 29.5(B)(7);

8 [(2)] (II) 1. HAS BEEN EMPLOYED BY THE TAXPAYER FOR AT
 9 LEAST 450 HOURS OF THE TAXABLE YEAR ~~OF THE TAXABLE YEAR~~ THROUGH A YOUTH
 10 APPRENTICESHIP PROGRAM; OR

11 2. FOR AN INDIVIDUAL OTHER THAN AN INDIVIDUAL
 12 DESCRIBED UNDER ITEM 1 OF THIS ITEM, has been employed by the taxpayer for at least
 13 7 full months of the taxable year; AND

14 (III) IF THE INDIVIDUAL IS IN AN EMPLOYEE CLASSIFICATION
 15 FOR WHICH THERE IS A PREVAILING WAGE RATE, RECEIVES AN APPRENTICESHIP
 16 WAGE THAT IS AT LEAST 50% OF THE PREVAILING WAGE.

17 (4) "FUND" MEANS THE APPRENTICESHIP TAX CREDIT RESERVE
 18 FUND ESTABLISHED UNDER SUBSECTION (E) OF THIS SECTION.

19 (b) ~~(1)~~ Subject to the limitations of this section, a taxpayer may claim a credit
 20 against the State income tax IN AN AMOUNT EQUAL TO THE AMOUNT STATED IN THE
 21 TAX CREDIT CERTIFICATE ISSUED UNDER SUBSECTION (C) OF THIS SECTION for the
 22 first year of employment of an eligible apprentice.

23 ~~(2) A TAXPAYER MAY NOT CLAIM THE CREDIT UNDER THIS SECTION~~
 24 ~~FOR MORE THAN FIVE ELIGIBLE APPRENTICES.~~

25 [(c) (1) For any taxable year, the credit allowed under this section may not
 26 exceed the lesser of:

27 (i) \$1,000 for each eligible apprentice; or

28 (ii) the State income tax imposed for the taxable year calculated
 29 before the application of the credits allowed under this section and under §§ 10-701 and
 30 10-701.1 of this subtitle but after the application of any other credit allowed under this
 31 subtitle.

32 (2) If the credit otherwise allowable under subsection (b) of this section
 33 exceeds the limit under paragraph (1) of this subsection, an individual may apply the excess

1 as a credit against the State income tax for succeeding taxable years until the full amount
2 of the excess is used.

3 (3) For any taxable year, the total amount of credits approved by the
4 Maryland Department of Labor under this section may not exceed \$500,000.

5 (d) A taxpayer claiming the credit allowed under this section shall attach to the
6 taxpayer's return, for each eligible apprentice for which the credit is claimed, proof of:

7 (1) the enrollment of the eligible apprentice in a registered apprenticeship
8 program; and

9 (2) the duration of the eligible apprentice's employment by the taxpayer.]

10 (C) (1) A TAXPAYER MAY SUBMIT AN APPLICATION TO THE DEPARTMENT
11 FOR A TAX CREDIT CERTIFICATE.

12 (2) THE APPLICATION SHALL BE IN THE FORM AND CONTAIN THE
13 INFORMATION THAT THE DEPARTMENT, ~~IN CONSULTATION WITH THE DEPARTMENT~~
14 ~~OF COMMERCE,~~ REQUIRES, INCLUDING PROOF OF:

15 (I) THE ENROLLMENT OF EACH ELIGIBLE APPRENTICE IN A
16 REGISTERED APPRENTICESHIP PROGRAM; AND

17 (II) THE DURATION OF EACH ELIGIBLE APPRENTICE'S
18 EMPLOYMENT BY THE TAXPAYER.

19 (3) SUBJECT TO PARAGRAPH (4) OF THIS SUBSECTION, THE
20 DEPARTMENT SHALL ISSUE A TAX CREDIT CERTIFICATE TO THE TAXPAYER IN THE
21 AMOUNT OF:

22 (I) EXCEPT AS PROVIDED IN ITEM (II) OF THIS PARAGRAPH,
23 \$1,000 FOR EACH ELIGIBLE APPRENTICE; OR

24 (II) WITH RESPECT TO THE FIRST FIVE ELIGIBLE APPRENTICES
25 FOR WHOM THE TAXPAYER CLAIMS THE CREDIT UNDER THIS SECTION:

26 ~~(I)~~ 1. \$1,000 FOR EACH ELIGIBLE APPRENTICE IF THE
27 ELIGIBLE APPRENTICE IS EMPLOYED THROUGH A YOUTH APPRENTICESHIP
28 PROGRAM; AND

29 ~~(II)~~ 2. \$3,000 FOR EACH ELIGIBLE APPRENTICE THAT WHO
30 IS NOT AN ELIGIBLE APPRENTICE DESCRIBED UNDER ~~ITEM (I) OF THIS PARAGRAPH~~
31 ITEM 1 OF THIS ITEM.

1 (4) THE DEPARTMENT MAY NOT CERTIFY MORE THAN \$15,000 OF TAX
2 CREDITS IN THE ~~AGGREGATE~~ TAXABLE YEAR FOR ANY TAXPAYER.

3 (5) THE DEPARTMENT SHALL:

4 (I) ~~IN CONSULTATION WITH THE DEPARTMENT OF COMMERCE,~~
5 ~~REVIEW AND~~ APPROVE ALL APPLICATIONS THAT QUALIFY FOR A TAX CREDIT
6 CERTIFICATE UNDER THIS SUBSECTION ON A FIRST-COME, FIRST-SERVED BASIS;
7 AND

8 (II) NOTIFY A TAXPAYER WITHIN 45 DAYS OF RECEIPT OF THE
9 TAXPAYER'S APPLICATION OF ITS APPROVAL OR DENIAL.

10 (6) FOR EACH TAXABLE YEAR, THE TOTAL AMOUNT OF TAX CREDIT
11 CERTIFICATES THAT MAY BE ISSUED BY THE DEPARTMENT UNDER THIS SECTION
12 MAY NOT EXCEED THE TOTAL FUNDS AVAILABLE IN THE FUND FOR THAT YEAR.

13 (D) (1) THE TOTAL AMOUNT OF THE CREDIT ALLOWED UNDER THIS
14 SECTION FOR ANY TAXABLE YEAR MAY NOT EXCEED THE STATE INCOME TAX FOR
15 THAT TAXABLE YEAR, CALCULATED BEFORE THE APPLICATION OF THE CREDITS
16 UNDER THIS SECTION AND §§ 10-701 AND 10-701.1 OF THIS SUBTITLE, BUT AFTER
17 THE APPLICATION OF OTHER CREDITS ALLOWABLE UNDER THIS SUBTITLE.

18 (2) IF THE CREDIT OTHERWISE ALLOWABLE UNDER THIS SECTION
19 EXCEEDS THE LIMIT UNDER PARAGRAPH (1) OF THIS SUBSECTION, A TAXPAYER MAY
20 APPLY THE EXCESS AS A CREDIT AGAINST THE STATE INCOME TAX FOR SUCCEEDING
21 TAXABLE YEARS UNTIL THE FULL AMOUNT OF THE EXCESS IS USED.

22 (E) (1) THERE IS AN APPRENTICESHIP TAX CREDIT RESERVE FUND.

23 (2) THE DEPARTMENT SHALL ADMINISTER THE FUND.

24 (3) THE PURPOSE OF THE FUND IS TO OFFSET THE REVENUE
25 REDUCTION TO THE GENERAL FUND OF THE STATE AS A RESULT OF THE TAX
26 CREDITS AUTHORIZED UNDER THIS SECTION.

27 (4) THE FUND IS A SPECIAL CONTINUING, NONLAPSING FUND THAT
28 IS NOT SUBJECT TO § 7-302 OF THE STATE FINANCE AND PROCUREMENT ARTICLE.

29 (5) THE STATE TREASURER SHALL HOLD THE FUND SEPARATELY,
30 AND THE COMPTROLLER SHALL ACCOUNT FOR THE FUND.

31 (6) THE FUND CONSISTS OF:

1 (I) MONEY APPROPRIATED IN THE STATE BUDGET TO THE
2 FUND; AND

3 (II) ANY OTHER MONEY FROM ANY OTHER SOURCE ACCEPTED
4 FOR THE BENEFIT OF THE FUND.

5 (7) THE MONEY IN THE FUND SHALL BE INVESTED AND REINVESTED
6 BY THE STATE TREASURER, AND INTEREST AND EARNINGS SHALL BE CREDITED TO
7 THE GENERAL FUND OF THE STATE.

8 (8) FOR EACH FISCAL YEAR, THE GOVERNOR SHALL INCLUDE IN THE
9 BUDGET BILL AN APPROPRIATION TO THE FUND.

10 (9) NOTWITHSTANDING THE PROVISIONS OF § 7-213 OF THE STATE
11 FINANCE AND PROCUREMENT ARTICLE, THE GOVERNOR MAY NOT REDUCE AN
12 APPROPRIATION TO THE FUND IN THE STATE BUDGET AS APPROVED BY THE
13 GENERAL ASSEMBLY.

14 (10) (I) EXCEPT AS OTHERWISE PROVIDED IN THIS PARAGRAPH,
15 MONEY CREDITED OR APPROPRIATED TO THE FUND SHALL REMAIN IN THE FUND.

16 (II) 1. WITHIN 15 DAYS AFTER THE END OF EACH CALENDAR
17 QUARTER, THE DEPARTMENT SHALL NOTIFY THE COMPTROLLER AS TO EACH TAX
18 CREDIT CERTIFICATE ISSUED DURING THE QUARTER.

19 2. ON NOTIFICATION THAT A TAX CREDIT CERTIFICATE
20 HAS BEEN ISSUED BY THE DEPARTMENT, THE COMPTROLLER SHALL TRANSFER AN
21 AMOUNT EQUAL TO THE CREDIT AMOUNT STATED IN THE TAX CREDIT CERTIFICATE
22 FROM THE FUND TO THE GENERAL FUND OF THE STATE.

23 [(e)] (F) The [Maryland] Department [of Labor] shall adopt regulations to:

24 (1) implement the provisions of this section; and

25 (2) specify criteria and procedures for application for, approval of, and
26 monitoring continuing eligibility for the tax credit under this section.

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

29 **Chapter 149 of the Acts of 2017**

30 SECTION 9. AND BE IT FURTHER ENACTED, That Section 2 of this Act shall take
31 effect July 1, 2017, and shall be applicable to all taxable years beginning after December
32 31, 2016~~1~~, but before January 1, ~~2020~~ 2025. It shall remain effective for a period of ~~3~~ 8

1 years and, at the end of June 30, ~~2020~~ **2025**, with no further action required by the General
2 Assembly, Section 2 of this Act shall be abrogated and of no further force and effect.

3 SECTION 3. AND BE IT FURTHER ENACTED, That Section 1 of this Act shall be
4 applicable to all taxable years beginning after December 31, 2019.

5 SECTION 4. AND BE IT FURTHER ENACTED, That this Act shall take effect June
6 1, 2020.

Approved:

Governor.

President of the Senate.

Speaker of the House of Delegates.