

SENATE BILL 93

03, Q3, Q7

2lr1058

(PRE-FILED)

By: **Senator Kramer**

Requested: October 29, 2021

Introduced and read first time: January 12, 2022

Assigned to: Budget and Taxation

Committee Report: Favorable

Senate action: Adopted

Read second time: February 8, 2022

CHAPTER _____

1 AN ACT concerning

2 **Tax Credits – Employment of Individuals With Disabilities**

3 FOR the purpose of altering the amount of certain credits against the State income tax,
4 insurance premium tax, financial institution franchise tax, and public service
5 company franchise tax for certain wages paid and certain child care or transportation
6 expenses incurred by certain business entities with respect to certain employees with
7 disabilities; and generally relating to tax credits for wages paid and child care or
8 transportation expenses incurred by a business entity with respect to the
9 employment of individuals with disabilities.

10 BY repealing and reenacting, with amendments,
11 Article – Education
12 Section 21–309
13 Annotated Code of Maryland
14 (2018 Replacement Volume and 2021 Supplement)

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

17 **Article – Education**

18 21–309.

19 (a) (1) In this section the following words have the meanings indicated.

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 (2) “Business entity” means:

2 (i) A person conducting or operating a trade or business in
3 Maryland; or

4 (ii) An organization operating in Maryland that is exempt from
5 taxation under § 501(c)(3) or (4) of the Internal Revenue Code.

6 (3) “Division” means the Division of Rehabilitation Services of the
7 Maryland State Department of Education.

8 (4) “Qualified child care or transportation expenses” means:

9 (i) State regulated child care expenses that are incurred by a
10 business entity to enable a qualified employee with a disability to be gainfully employed;
11 or

12 (ii) Transportation expenses that are incurred by a business entity
13 to enable a qualified employee with a disability to travel to and from work.

14 (5) (i) “Qualified employee with a disability” means an individual who:

15 1. Meets the definition of an individual with a disability as
16 defined by the Americans with Disabilities Act;

17 2. Has a disability that presently constitutes an impediment
18 to obtaining or maintaining employment or to transitioning from school to work;

19 3. Is ready for employment; and

20 4. Has been determined by the Division or the Maryland
21 Department of Labor, in consultation with the Division, as having met the criteria of a
22 qualified employee with a disability established under this section.

23 (ii) “Qualified employee with a disability” includes:

24 1. An individual who has been determined by the Maryland
25 Department of Labor, in consultation with the United States Veterans Administration, as
26 having been discharged or released from active duty in the armed forces of the United
27 States for a service-connected disability; and

28 2. Any other individual meeting the definition of
29 subparagraph (i) of this paragraph, whether or not the individual receives services from
30 the Division.

1 (6) “Wages” means wages, within the meaning of § 51(c)(1), (2), and (3) of
2 the Internal Revenue Code without regard to § 51(c)(4) of the Internal Revenue Code that
3 are paid by a business entity to an employee for services performed in a trade or business
4 of the employer.

5 (b) (1) Except as provided in subsection (e) of this section, a business entity
6 may claim a tax credit in the amounts determined under subsections (c) and (d) of this
7 section for the wages and qualified child care or transportation expenses with respect to a
8 qualified employee with a disability that are paid in the taxable year for which the business
9 entity claims the credit.

10 (2) The same tax credit cannot be applied more than once against different
11 taxes by the same taxpayer.

12 (c) For each taxable year, for the wages paid to each qualified employee with a
13 disability, a credit is allowed in an amount equal to 30% of up to the first [~~\$9,000~~] **\$15,000**
14 of the wages paid to the qualified employee with a disability during each of the first 2 years
15 of employment.

16 (d) For each taxable year, for child care provided or paid for by a business entity
17 for the children of a qualified employee with a disability, or transportation expenses that
18 are incurred by a business entity to enable a qualified employee with a disability to travel
19 to and from work, a credit is allowed in an amount equal to up to [~~\$900~~] **\$1,500** of the
20 qualified child care or transportation expenses incurred for each qualified employee with a
21 disability during each of the first 2 years of employment.

22 (e) (1) A business entity may not claim the credit under this section for an
23 employee:

24 (i) Who is hired to replace a laid-off employee or to replace an
25 employee who is on strike; or

26 (ii) For whom the business entity simultaneously receives federal or
27 State employment training benefits.

28 (2) A business entity may not claim the credit under this section until it
29 has notified the Division that a qualified employee with a disability has been hired.

30 (3) A business entity may claim a credit in the amount provided in
31 paragraph (4) of this subsection for an employee whose employment lasts less than 1 year
32 if the employee:

33 (i) Voluntarily terminates employment with the employer;

34 (ii) Is unable to continue employment due to a further disability or
35 death; or

1 (iii) Is terminated for cause.

2 (4) (i) If a business entity is entitled to a tax credit for an employee who
3 is employed for less than 1 year because the employee voluntarily terminates employment
4 with the employer to take another job, the business entity may claim a tax credit of 30% of
5 up to the first [\$9,000] **\$15,000** of the wages paid to the employee during the course of
6 employment.

7 (ii) If a business entity is entitled to a tax credit for an employee who
8 is employed for less than 1 year for a reason other than that described in subparagraph (i)
9 of this paragraph, the amount of the credit shall be reduced by the proportion of a year that
10 the employee did not work.

11 (f) If the credit allowed under this section in any taxable year exceeds the total
12 tax otherwise payable by the business entity for that taxable year, a business entity may
13 apply the excess as a credit for succeeding taxable years until the earlier of:

14 (1) The full amount of the excess is used; or

15 (2) The expiration of the 5th taxable year after the taxable year in which
16 the wages or qualified child care or transportation expenses for which the credit is claimed
17 are paid.

18 (g) If a credit is claimed under this section, the claimant must make the addition
19 required in § 10–205 or § 10–306 of the Tax – General Article.

20 (h) (1) Subject to the provisions of this subsection, the Maryland Department
21 of Labor and the State Department of Education shall jointly adopt regulations necessary
22 to carry out the provisions of this section.

23 (2) The Comptroller shall adopt regulations to provide for the computation
24 and carryover of the credit under § 10–704.7 of the Tax – General Article.

25 (3) The State Department of Assessments and Taxation shall adopt
26 regulations to provide for the computation and carryover of the credit under §§ 8–216 and
27 8–413 of the Tax – General Article.

28 (4) The Maryland Insurance Commissioner shall adopt regulations to
29 provide for the computation and carryover of the credit under § 6–115 of the Insurance
30 Article.

31 (i) The Maryland Department of Labor shall administer the tax credit and report
32 to the Governor, and, subject to § 2–1257 of the State Government Article, to the General
33 Assembly, before January 15 of each year on:

34 (1) Marketing activities for the credit under this section;

1 (2) The number of business entities who hired a qualified employee with a
2 disability during the preceding year;

3 (3) The number of qualified employees with disabilities:

4 (i) Hired in each business sector for the preceding year; and

5 (ii) Hired during the preceding year and employed for less than 1
6 year;

7 (4) A summary of the average hourly wages paid to qualified employees
8 with disabilities for the preceding year;

9 (5) The number and amount of credits claimed during the preceding year;
10 and

11 (6) The number and amount of credits claimed for child care or
12 transportation expenses, including a summary of the types of transportation expenses
13 incurred by business entities.

14 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect July
15 1, 2022, and shall be applicable to all taxable years beginning after December 31, 2021.

Approved:

Governor.

President of the Senate.

Speaker of the House of Delegates.