

SENATE BILL 197

K3, Q3

3lr1870
CF HB 181

By: **Senator Hettleman**

Introduced and read first time: January 20, 2023

Assigned to: Finance

A BILL ENTITLED

1 AN ACT concerning

2 **Four-Day Workweek Pilot Program and Income Tax Credit – Established**
3 **(Four-Day Workweek Act of 2023)**

4 FOR the purpose of establishing the Four-Day Workweek Pilot Program in the Maryland
5 Department of Labor for the purpose of promoting, incentivizing, and supporting the
6 experimentation and study of the use of a 4-day workweek by private and public
7 employers; requiring governmental units that institute 4-day workweeks to provide
8 information requested by the Department; allowing certain qualifying employers
9 who participate in the Program to claim a certain credit against the State income
10 tax; and generally relating to the Four-Day Workweek Pilot Program.

11 BY repealing and reenacting, without amendments,
12 Article – Labor and Employment
13 Section 1–101(a) and (c)
14 Annotated Code of Maryland
15 (2016 Replacement Volume and 2022 Supplement)

16 BY adding to
17 Article – Labor and Employment
18 Section 3–1801 through 3–1805 to be under the new subtitle “Subtitle 18.
19 Four-Day Workweek Pilot Program and Tax Credit”
20 Annotated Code of Maryland
21 (2016 Replacement Volume and 2022 Supplement)

22 BY adding to
23 Article – Tax – General
24 Section 10–757
25 Annotated Code of Maryland
26 (2022 Replacement Volume)

27 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND,

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 That the Laws of Maryland read as follows:

2 **Article – Labor and Employment**

3 1–101.

4 (a) In this article the following words have the meanings indicated.

5 (c) “Governmental unit” means:

6 (1) the State;

7 (2) a county, municipal corporation, or other political subdivision of the
8 State; or

9 (3) a unit of the State government or of a political subdivision.

10 **SUBTITLE 18. FOUR–DAY WORKWEEK PILOT PROGRAM AND TAX CREDIT.**

11 **3–1801.**

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

14 (B) “DEPARTMENT” MEANS THE MARYLAND DEPARTMENT OF LABOR.

15 (C) “PROGRAM” MEANS THE FOUR–DAY WORKWEEK PILOT PROGRAM.

16 (D) “QUALIFYING EMPLOYER” MEANS AN EMPLOYER THAT ENTERS AN
17 AGREEMENT TO PARTICIPATE IN THE PROGRAM UNDER § 3–1803 OF THIS SUBTITLE.

18 **3–1802.**

19 (A) THERE IS A FOUR–DAY WORKWEEK PILOT PROGRAM IN THE
20 DEPARTMENT.

21 (B) THE PURPOSE OF THE PROGRAM IS TO PROMOTE, INCENTIVIZE, AND
22 SUPPORT THE EXPERIMENTATION AND STUDY OF THE USE OF A 4–DAY WORKWEEK
23 BY PRIVATE AND PUBLIC EMPLOYERS IN THE STATE.

24 (C) THE DEPARTMENT SHALL:

25 (1) ADMINISTER THE PROGRAM, INCLUDING THE TAX CREDIT
26 AUTHORIZED UNDER § 3–1804 OF THIS SUBTITLE;

1 **(2) ENCOURAGE GOVERNMENTAL UNITS TO INSTITUTE A 4-DAY**
2 **WORKWEEK;**

3 **(3) STUDY AND GATHER INFORMATION ON THE IMPACT OF THE**
4 **PROGRAM ON QUALIFYING EMPLOYERS AND GOVERNMENTAL UNITS;**

5 **(4) CONDUCT AND PROMOTE RESEARCH ON 4-DAY WORKWEEKS THAT**
6 **EXIST OUTSIDE THE PROGRAM, INCLUDING 4-DAY WORKWEEKS ESTABLISHED**
7 **INTERNATIONALLY;**

8 **(5) FACILITATE PUBLIC DISCUSSION WITH QUALIFYING EMPLOYERS**
9 **AND GOVERNMENTAL UNITS THAT HAVE INSTITUTED A 4-DAY WORKWEEK; AND**

10 **(6) PUBLISH THE DATA AND REPORTS REQUIRED UNDER THIS**
11 **SUBTITLE.**

12 **(D) A GOVERNMENTAL UNIT THAT INSTITUTES A 4-DAY WORKWEEK SHALL**
13 **PROVIDE ANY INFORMATION REQUESTED BY THE DEPARTMENT FOR THE PURPOSE**
14 **OF THE DEPARTMENT COMPLYING WITH SUBSECTION (C)(3) OF THIS SECTION.**

15 **(E) FOR EACH OF FISCAL YEARS 2025 THROUGH 2028, THE GOVERNOR**
16 **SHALL INCLUDE IN THE ANNUAL BUDGET BILL AN APPROPRIATION OF \$250,000 TO**
17 **THE DEPARTMENT FOR PROGRAM ACTIVITIES.**

18 **(F) THE DEPARTMENT MAY ADOPT REGULATIONS TO CARRY OUT THIS**
19 **SUBTITLE.**

20 **3-1803.**

21 **(A) (1) AN EMPLOYER MAY APPLY TO THE DEPARTMENT TO PARTICIPATE**
22 **IN THE PROGRAM.**

23 **(2) THE APPLICATION SHALL INCLUDE:**

24 **(I) A PROPOSAL TO TRANSITION THE APPLICANT'S**
25 **WORKFORCE OR A DIVISION OF THE APPLICANT'S WORKFORCE FROM A 5-DAY**
26 **WORKWEEK TO A 4-DAY WORKWEEK; AND**

27 **(II) ANY OTHER INFORMATION REQUIRED BY THE**
28 **DEPARTMENT.**

29 **(B) A PROPOSAL INCLUDED IN AN APPLICATION UNDER SUBSECTION**
30 **(A)(2)(I) OF THIS SECTION SHALL:**

1 (1) APPLY TO AT LEAST 30 EMPLOYEES; AND

2 (2) INCLUDE INFORMATION INDICATING THAT THE APPLICANT DID
3 NOT HAVE ANY PRIOR INTENTION OF TRANSITIONING ITS WORKFORCE OR A
4 DIVISION OF ITS WORKFORCE FROM A 5-DAY WORKWEEK TO A 4-DAY WORKWEEK.

5 (C) THE DEPARTMENT MAY ACCEPT AN APPLICATION FOR PARTICIPATION
6 IN THE PROGRAM IF THE APPLICANT ENTERS AN AGREEMENT:

7 (1) PROVIDING THAT AN EMPLOYEE TRANSITIONING TO A 4-DAY
8 WORKWEEK WILL NOT RECEIVE A REDUCTION IN PAY OR BENEFITS; AND

9 (2) ALLOWING THE DEPARTMENT TO RESEARCH THE IMPACT OF
10 TRANSITIONING TO A 4-DAY WORKWEEK THROUGH EMPLOYEE SURVEYS,
11 INTERVIEWS, AND OTHER INFORMATION GATHERING.

12 3-1804.

13 (A) (1) SUBJECT TO THE LIMITATIONS OF THIS SECTION AND § 10-757 OF
14 THE TAX – GENERAL ARTICLE, A QUALIFYING EMPLOYER MAY CLAIM A CREDIT
15 AGAINST THE STATE INCOME TAX IN THE AMOUNT STATED ON THE TAX CREDIT
16 CERTIFICATE ISSUED BY THE DEPARTMENT UNDER THIS SECTION.

17 (2) THE DEPARTMENT MAY ISSUE A TAX CREDIT CERTIFICATE TO A
18 QUALIFYING EMPLOYER THAT:

19 (I) PARTICIPATES IN THE PROGRAM FOR AT LEAST 1 YEAR; AND

20 (II) SUBMITS A REPORT TO THE DEPARTMENT DETAILING ITS
21 TRANSITION TO A 4-DAY WORKWEEK.

22 (3) BEFORE ISSUING A TAX CREDIT CERTIFICATE, THE DEPARTMENT
23 SHALL CONFIRM THAT THE QUALIFYING EMPLOYER HAS MAINTAINED COMPLIANCE
24 WITH ITS PROPOSAL TO PARTICIPATE IN THE PROGRAM.

25 (4) THE DEPARTMENT MAY NOT ISSUE TO ANY QUALIFYING
26 EMPLOYER MORE THAN TWO TAX CREDIT CERTIFICATES UNDER THIS SECTION.

27 (B) (1) THE DEPARTMENT SHALL DETERMINE THE AMOUNT STATED ON
28 A TAX CREDIT CERTIFICATE ISSUED UNDER THIS SECTION.

29 (2) THE DEPARTMENT MAY DETERMINE THE AMOUNT STATED ON A

1 TAX CREDIT CERTIFICATE THROUGH THE USE OF:

2 (I) A FIXED DOLLAR AMOUNT FOR EACH QUALIFYING
3 EMPLOYER;

4 (II) A FIXED DOLLAR AMOUNT FOR EACH EMPLOYEE OF THE
5 QUALIFYING EMPLOYER PARTICIPATING IN THE PROGRAM;

6 (III) A PERCENTAGE OF THE WAGES PAID TO EACH EMPLOYEE OF
7 THE QUALIFYING EMPLOYER PARTICIPATING IN THE PROGRAM; OR

8 (IV) A DOLLAR AMOUNT THAT ASSISTS IN OFFSETTING A
9 QUALIFYING EMPLOYER'S COSTS TO HIRE NEW EMPLOYEES DUE TO THE
10 QUALIFYING EMPLOYER'S PARTICIPATION IN THE PROGRAM.

11 (3) THE DEPARTMENT MAY DETERMINE THE AMOUNT STATED ON
12 THE TAX CREDIT CERTIFICATE BY USING ANY COMBINATION OF THE OPTIONS
13 DESCRIBED UNDER PARAGRAPH (2) OF THIS SUBSECTION.

14 (C) (1) FOR EACH FISCAL YEAR, THE DEPARTMENT MAY NOT ISSUE TAX
15 CREDIT CERTIFICATES FOR CREDIT AMOUNTS IN THE AGGREGATE TOTALING MORE
16 THAN \$750,000.

17 (2) IF THE AGGREGATE AMOUNT OF TAX CREDIT CERTIFICATES
18 ISSUED DURING A FISCAL YEAR TOTALS LESS THAN THE MAXIMUM PROVIDED UNDER
19 PARAGRAPH (1) OF THIS SUBSECTION, ANY EXCESS AMOUNT MAY BE ISSUED IN A
20 SUBSEQUENT FISCAL YEAR.

21 (D) THE DEPARTMENT SHALL:

22 (1) ADOPT REGULATIONS THAT ESTABLISH CRITERIA AND
23 PROCEDURES FOR:

24 (I) ISSUING THE TAX CREDIT CERTIFICATES AUTHORIZED
25 UNDER THIS SECTION; AND

26 (II) DETERMINING THE AMOUNT OF A TAX CREDIT CERTIFICATE
27 ISSUED UNDER THIS SECTION; AND

28 (2) ON OR BEFORE JANUARY 31 EACH YEAR, PROVIDE A REPORT TO
29 THE COMPTROLLER THAT IDENTIFIES EACH QUALIFIED EMPLOYER THAT WAS
30 ISSUED A TAX CREDIT CERTIFICATE DURING THE IMMEDIATELY PRECEDING YEAR
31 AND THE AMOUNT STATED ON THE TAX CREDIT CERTIFICATE.

1 **3-1805.**

2 (A) ON OR BEFORE DECEMBER 1 EACH YEAR, THE DEPARTMENT SHALL
3 SUBMIT A REPORT TO THE GOVERNOR AND, IN ACCORDANCE WITH § 2-1257 OF THE
4 STATE GOVERNMENT ARTICLE, THE GENERAL ASSEMBLY ON THE STATUS OF THE
5 PROGRAM, INCLUDING:

6 (1) THE NUMBER OF EMPLOYERS PARTICIPATING IN THE PROGRAM;

7 (2) THE NUMBER OF GOVERNMENTAL UNITS THAT HAVE INSTITUTED
8 A 4-DAY WORKWEEK;

9 (3) THE IMPACT OF A 4-DAY WORKWEEK ON THE EMPLOYERS
10 PARTICIPATING IN THE PROGRAM AND GOVERNMENTAL UNITS;

11 (4) THE STATUS OF THE TAX CREDIT AUTHORIZED UNDER THIS
12 SUBTITLE; AND

13 (5) ANY FINDINGS OR RECOMMENDATIONS BASED ON RESEARCH
14 CONDUCTED ON 4-DAY WORKWEEKS THAT EXIST IN AND OUTSIDE THE PROGRAM.

15 (B) THE DEPARTMENT SHALL ANNUALLY PUBLISH ON ITS WEBSITE:

16 (1) THE REPORTS REQUIRED UNDER THIS SECTION; AND

17 (2) THE DETAILS OF THE QUALIFYING EMPLOYERS' 4-DAY
18 WORKWEEK PROPOSALS.

19 **Article – Tax – General**

20 **10-757.**

21 AN INDIVIDUAL OR CORPORATION MAY CLAIM A CREDIT AGAINST THE STATE
22 INCOME TAX EQUAL TO THE AMOUNT STATED ON THE TAX CREDIT CERTIFICATE
23 ISSUED UNDER § 3-1804 OF THE LABOR AND EMPLOYMENT ARTICLE.

24 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect July
25 1, 2023, and shall be applicable to all taxable years beginning after December 31, 2022, but
26 before January 1, 2028. It shall remain effective for a period of 5 years and, at the end of
27 June 30, 2028, this Act, with no further action required by the General Assembly, shall be
28 abrogated and of no further force and effect.