

SENATE BILL 325

Q3

5lr1799

By: **Senators Carozza, Augustine, Bailey, Corderman, Jennings, Rosapepe, and Salling**

Introduced and read first time: January 15, 2025

Assigned to: Budget and Taxation

A BILL ENTITLED

1 AN ACT concerning

2 **Income Tax – Credit for Employers of Eligible Apprentices – Alterations**

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 by repealing a certain wage requirement; extending for a certain number of years
6 the termination of the credit; and generally relating to an income tax credit for
7 employers of eligible apprentices.

8 BY repealing and reenacting, with amendments,

9 Article – Tax – General

10 Section 10–742

11 Annotated Code of Maryland

12 (2022 Replacement Volume and 2024 Supplement)

13 BY repealing and reenacting, with amendments,

14 Chapter 149 of the Acts of the General Assembly of 2017, as amended by Chapter
15 643 of the Acts of the General Assembly of 2020

16 Section 9

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

19 **Article – Tax – General**

20 10–742.

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

22 (2) “Department” means the Maryland Department of Labor.

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 (3) “Eligible apprentice” means an individual who:

2 (i) is enrolled in an apprenticeship training program that:

3 1. is registered with the Maryland Apprenticeship and
4 Training Council in accordance with § 11–405 of the Labor and Employment Article;

5 2. provides highly supervised training skills through a
6 certified Apprenticeship Training Program, for classroom credit offered at community
7 colleges, universities, high schools, vocational training centers, or directly through certified
8 Apprenticeship Training Centers registered with the State;

9 3. meets Maryland Apprenticeship and Training Council
10 requirements for Youth Apprenticeships and Registered Apprenticeships, as applicable;
11 and

12 4. complies with 29 C.F.R. § 29.5(b)(7); AND

13 (ii) 1. has been employed by the taxpayer for at least 450 hours
14 of the taxable year through a youth apprenticeship program; or

15 2. for an individual other than an individual described under
16 item 1 of this item, has been employed by the taxpayer for at least 7 full months of the
17 taxable year]; and

18 (iii) if the individual is in an employee classification for which there
19 is a prevailing wage rate, receives an apprenticeship wage that is at least 50% of the
20 prevailing wage].

21 (4) “Fund” means the Apprenticeship Tax Credit Reserve Fund established
22 under subsection (e) of this section.

23 (b) Subject to the limitations of this section, a taxpayer may claim a credit against
24 the State income tax in an amount equal to the amount stated in the tax credit certificate
25 issued under subsection (c) of this section for the first year of employment of an eligible
26 apprentice.

27 (c) (1) A taxpayer may submit an application to the Department for a tax
28 credit certificate.

29 (2) The application shall be in the form and contain the information that
30 the Department requires, including proof of:

31 (i) the enrollment of each eligible apprentice in a registered
32 apprenticeship program; and

1 (ii) the duration of each eligible apprentice's employment by the
2 taxpayer.

3 (3) Subject to paragraph (4) of this subsection, the Department shall issue
4 a tax credit certificate to the taxpayer in the amount of:

5 (i) except as provided in item (ii) of this paragraph, \$1,000 for each
6 eligible apprentice; or

7 (ii) with respect to the first five eligible apprentices for whom the
8 taxpayer claims the credit under this section:

9 1. \$1,000 for each eligible apprentice if the eligible
10 apprentice is employed through a youth apprenticeship program; and

11 2. \$3,000 for each eligible apprentice who is not an eligible
12 apprentice described under item 1 of this item.

13 (4) The Department may not certify more than \$15,000 of tax credits in the
14 taxable year for any taxpayer.

15 (5) The Department shall:

16 (i) approve all applications that qualify for a tax credit certificate
17 under this subsection on a first-come, first-served basis; and

18 (ii) notify a taxpayer within 45 days of receipt of the taxpayer's
19 application of its approval or denial.

20 (6) For each taxable year, the total amount of tax credit certificates that
21 may be issued by the Department under this section may not exceed the total funds
22 available in the Fund for that year.

23 (d) (1) The total amount of the credit allowed under this section for any taxable
24 year may not exceed the State income tax for that taxable year, calculated before the
25 application of the credits under this section and §§ 10-701 and 10-701.1 of this subtitle,
26 but after the application of other credits allowable under this subtitle.

27 (2) If the credit otherwise allowable under this section exceeds the limit
28 under paragraph (1) of this subsection, a taxpayer may apply the excess as a credit against
29 the State income tax for succeeding taxable years until the full amount of the excess is
30 used.

31 (e) (1) There is an Apprenticeship Tax Credit Reserve Fund.

32 (2) The Department shall administer the Fund.

1 (3) The purpose of the Fund is to offset the revenue reduction to the
2 General Fund of the State as a result of the tax credits authorized under this section.

3 (4) The Fund is a special continuing, nonlapsing fund that is not subject to
4 § 7–302 of the State Finance and Procurement Article.

5 (5) The State Treasurer shall hold the Fund separately, and the
6 Comptroller shall account for the Fund.

7 (6) The Fund consists of:

8 (i) money appropriated in the State budget to the Fund; and

9 (ii) any other money from any other source accepted for the benefit
10 of the Fund.

11 (7) The money in the Fund shall be invested and reinvested by the State
12 Treasurer, and interest and earnings shall be credited to the General Fund of the State.

13 (8) For each fiscal year, the Governor shall include in the budget bill an
14 appropriation to the Fund.

15 (9) Notwithstanding the provisions of § 7–213 of the State Finance and
16 Procurement Article, the Governor may not reduce an appropriation to the Fund in the
17 State budget as approved by the General Assembly.

18 (10) (i) Except as otherwise provided in this paragraph, money credited
19 or appropriated to the Fund shall remain in the Fund.

20 (ii) 1. Within 15 days after the end of each calendar quarter, the
21 Department shall notify the Comptroller as to each tax credit certificate issued during the
22 quarter.

23 2. On notification that a tax credit certificate has been issued
24 by the Department, the Comptroller shall transfer an amount equal to the credit amount
25 stated in the tax credit certificate from the Fund to the General Fund of the State.

26 (f) The Department shall adopt regulations to:

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

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

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

1 **Chapter 149 of the Acts of 2017, as amended by Chapter 643 of the Acts of 2020**

2 SECTION 9. AND BE IT FURTHER ENACTED, That Section 2 of this Act shall take
3 effect July 1, 2017, and shall be applicable to all taxable years beginning after December
4 31, 2016, but before January 1, [2025] **2031**. It shall remain effective for a period of [8] **14**
5 years and, at the end of June 30, [2025] **2031**, with no further action required by the
6 General Assembly, Section 2 of this Act shall be abrogated and of no further force and effect.

7 SECTION 3. AND BE IT FURTHER ENACTED, That Section 1 of this Act shall be
8 applicable to all taxable years beginning after December 31, 2024.

9 SECTION 4. AND BE IT FURTHER ENACTED, That this Act shall take effect June
10 1, 2025.