

# SENATE BILL 509

Q3

4lr0928

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By: **Senators Currie and Peters**

Introduced and read first time: January 29, 2014

Assigned to: Budget and Taxation

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## A BILL ENTITLED

1 AN ACT concerning

2 **Income Tax Credit – Returning Heroes and Wounded Warriors**

3 FOR the purpose of allowing a business entity to claim a credit against the State  
4 income tax for certain wages paid to certain qualified veterans; providing that  
5 the credit may not exceed a certain amount; providing for the carryforward of  
6 the credit; requiring the Comptroller to adopt certain regulations and provide a  
7 certain annual report; defining certain terms; providing for the application of  
8 this Act; and generally relating to an income tax credit for certain wages paid to  
9 certain qualified veterans.

10 BY adding to

11 Article – Tax – General

12 Section 10–736

13 Annotated Code of Maryland

14 (2010 Replacement Volume and 2013 Supplement)

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

17 **Article – Tax – General**

18 **10–736.**

19 **(A) (1) IN THIS SECTION THE FOLLOWING WORDS HAVE THE**  
20 **MEANINGS INDICATED.**

21 **(2) “BUSINESS ENTITY” MEANS A PERSON CONDUCTING OR**  
22 **OPERATING A TRADE OR BUSINESS IN MARYLAND.**

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EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1           **(3) “QUALIFIED DISABLED VETERAN” MEANS AN INDIVIDUAL**  
2 **WHO WAS DISCHARGED OR RELEASED FROM ACTIVE DUTY IN THE ARMED**  
3 **FORCES OF THE UNITED STATES FOR A SERVICE-CONNECTED DISABILITY.**

4           **(4) “QUALIFIED VETERAN MEANS AN INDIVIDUAL WHO SERVED**  
5 **ON ACTIVE DUTY IN THE ARMED FORCES OF THE UNITED STATES FOR AT LEAST**  
6 **180 DAYS.**

7           **(5) “WAGES” MEANS WAGES, WITHIN THE MEANING OF § 51(C)(1),**  
8 **(2), AND (3) OF THE INTERNAL REVENUE CODE WITHOUT REGARD TO § 51(C)(4)**  
9 **OF THE INTERNAL REVENUE CODE, THAT ARE PAID BY A BUSINESS ENTITY TO**  
10 **AN EMPLOYEE FOR SERVICES PERFORMED IN A TRADE OR BUSINESS OF THE**  
11 **EMPLOYER.**

12           **(B) SUBJECT TO THE LIMITATIONS OF THIS SECTION, A BUSINESS**  
13 **ENTITY MAY CLAIM A CREDIT AGAINST THE STATE INCOME TAX FOR WAGES**  
14 **PAID TO A QUALIFIED VETERAN OR QUALIFIED DISABLED VETERAN.**

15           **(C) FOR ANY TAXABLE YEAR, THE CREDIT ALLOWED UNDER THIS**  
16 **SECTION MAY NOT EXCEED:**

17           **(1) \$500 FOR A QUALIFIED VETERAN WHO:**

18                   **(I) HAS RECEIVED UNEMPLOYMENT INSURANCE BENEFITS**  
19 **UNDER THE FEDERAL UNEMPLOYMENT COMPENSATION ACT FOR AT LEAST 4**  
20 **WEEKS DURING THE 12-MONTH PERIOD PRIOR TO THE INDIVIDUAL’S HIRING**  
21 **DATE; OR**

22                   **(II) IS A MEMBER OF A FAMILY THAT RECEIVED**  
23 **SUPPLEMENTAL NUTRITION ASSISTANCE UNDER THE FEDERAL FOOD AND**  
24 **NUTRITION ACT OF 2008 FOR AT LEAST 3 CONSECUTIVE MONTHS DURING THE**  
25 **12-MONTH PERIOD PRIOR TO THE INDIVIDUAL’S HIRING DATE;**

26           **(2) \$1,200 FOR A QUALIFIED VETERAN WHO HAS RECEIVED**  
27 **UNEMPLOYMENT INSURANCE BENEFITS UNDER THE FEDERAL UNEMPLOYMENT**  
28 **COMPENSATION ACT FOR AT LEAST 6 MONTHS DURING THE 12-MONTH PERIOD**  
29 **PRIOR TO THE INDIVIDUAL’S HIRING DATE;**

30           **(3) \$1,000 FOR A QUALIFIED DISABLED VETERAN HIRED WITHIN 1**  
31 **YEAR FROM THE DATE THE INDIVIDUAL WAS DISCHARGED OR RELEASED FROM**  
32 **ACTIVE DUTY IN THE ARMED FORCES OF THE UNITED STATES; AND**

33           **(4) \$2,000 FOR A QUALIFIED DISABLED VETERAN HIRED WITHIN 1**  
34 **YEAR FROM THE DATE THE INDIVIDUAL WAS DISCHARGED OR RELEASED FROM**

1 ACTIVE DUTY IN THE ARMED FORCES OF THE UNITED STATES AND WHO HAS  
2 RECEIVED UNEMPLOYMENT INSURANCE BENEFITS UNDER THE FEDERAL  
3 UNEMPLOYMENT COMPENSATION ACT FOR AT LEAST 6 MONTHS DURING THE  
4 12-MONTH PERIOD PRIOR TO THE INDIVIDUAL'S HIRING DATE.

5 (D) IF THE CREDIT ALLOWED UNDER THIS SECTION IN ANY TAXABLE  
6 YEAR EXCEEDS THE TOTAL TAX OTHERWISE PAYABLE BY THE BUSINESS ENTITY  
7 FOR THAT TAXABLE YEAR, A BUSINESS ENTITY MAY APPLY THE EXCESS AS A  
8 CREDIT FOR SUCCEEDING TAXABLE YEARS UNTIL THE EARLIER OF:

9 (1) THE FULL AMOUNT OF THE EXCESS IS USED; OR

10 (2) THE EXPIRATION OF THE FIFTH TAXABLE YEAR AFTER THE  
11 TAXABLE YEAR IN WHICH THE WAGES FOR WHICH THE CREDIT IS CLAIMED ARE  
12 PAID.

13 (E) ON OR BEFORE JANUARY 1 OF EACH YEAR, THE COMPTROLLER  
14 SHALL REPORT TO THE SENATE BUDGET AND TAXATION COMMITTEE AND THE  
15 HOUSE WAYS AND MEANS COMMITTEE, IN ACCORDANCE WITH § 2-1246 OF THE  
16 STATE GOVERNMENT ARTICLE, ON THE NUMBER OF BUSINESS ENTITIES THAT  
17 CLAIMED THE CREDIT AND THE NUMBER OF QUALIFIED VETERANS AND  
18 QUALIFIED DISABLED VETERANS HIRED IN THE PREVIOUS TAXABLE YEAR.

19 (F) THE COMPTROLLER SHALL ADOPT REGULATIONS TO CARRY OUT  
20 THE PROVISIONS OF THIS SECTION.

21 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect  
22 July 1, 2014, and shall be applicable to all taxable years beginning after December 31,  
23 2013.