

SENATE BILL 522

Q3, F5
SB 646/16 – B&T

7lr0721
CF HB 1483

By: **Senators King, DeGrange, Feldman, Ferguson, Guzzone, Manno, Mathias, Peters, Rosapepe, and Smith**

Introduced and read first time: February 1, 2017

Assigned to: Budget and Taxation

Committee Report: Favorable with amendments

Senate action: Adopted

Read second time: March 17, 2017

CHAPTER _____

1 AN ACT concerning

2 **Income Tax Credit – Eligible Employers – Eligible Internships**

3 FOR the purpose of allowing certain eligible employers a credit, up to a certain amount,
4 against the State income tax for employing certain eligible interns subject to certain
5 limitations; requiring an eligible employer to enter into a certain agreement with a
6 certain eligible institution of higher education; requiring a certain eligible employer
7 to submit a certain application to the Department of Labor, Licensing, and
8 Regulation at a certain time; requiring the Department to approve certain
9 applications on a first-come, first-served basis and within a certain time period;
10 limiting the amount of tax credit certificates that may be issued in any taxable year
11 to a certain amount; ~~providing for~~ prohibiting the carryforward of the credit;
12 requiring the Department to adopt certain regulations; requiring the Comptroller, in
13 consultation with the Department, to report to the General Assembly on or before a
14 certain date; defining certain terms; providing for the application and termination of
15 this Act; and generally relating to a tax credit for certain internships.

16 BY adding to

17 Article – Tax – General

18 Section 10–741

19 Annotated Code of Maryland

20 ~~(2010 (2016 Replacement Volume and 2016 Supplement))~~

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

22 That the Laws of Maryland read as follows:

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.



Article – Tax – General

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10-741.

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

(2) “DEPARTMENT” MEANS THE DEPARTMENT OF LABOR, LICENSING, AND REGULATION.

(3) “ELIGIBLE EMPLOYER” MEANS A BUSINESS ENTITY:

(I) LOCATED IN THE STATE; AND

(II) THAT WOULD NOT HAVE HIRED AN ELIGIBLE INTERN WITHOUT THE TAX CREDIT PROVIDED UNDER THIS SECTION.

(4) “ELIGIBLE INSTITUTION” MEANS A PUBLIC OR PRIVATE NONPROFIT INSTITUTION OF HIGHER EDUCATION IN THE STATE.

(5) “ELIGIBLE INTERN” MEANS A STUDENT WHO:

(I) IS ENROLLED IN AN ELIGIBLE INSTITUTION;

(II) HAS COMPLETED AT LEAST 50% OF THE CREDITS REQUIRED TO EARN AN ASSOCIATE, BACHELOR, OR GRADUATE DEGREE;

(III) WORKS AT LEAST 10 HOURS PER WEEK FOR A MINIMUM OF 8 WEEKS FOR AN ELIGIBLE EMPLOYER;

(IV) IS PAID AT LEAST 100% OF THE ~~FEDERAL~~ STATE MINIMUM WAGE;

(V) HAS NOT PREVIOUSLY WORKED FOR THE ELIGIBLE EMPLOYER IN THE SAME JOB OR A SIMILAR JOB;

(VI) IS NOT A PERMANENT EMPLOYEE OF THE ELIGIBLE EMPLOYER;

(VII) DOES NOT REPLACE AN EXISTING EMPLOYEE OF THE ELIGIBLE EMPLOYER; AND

1 (VIII) HAS NOT BEEN PREVIOUSLY CLAIMED BY ANY ELIGIBLE
2 EMPLOYER IN ANY TAXABLE YEAR FOR THE PURPOSES OF THE TAX CREDIT UNDER
3 THIS SECTION.

4 (B) (1) SUBJECT TO THE LIMITATIONS OF THIS SECTION, FOR THE
5 TAXABLE YEAR IN WHICH AN ELIGIBLE EMPLOYER EMPLOYS AN ELIGIBLE INTERN,
6 THE ELIGIBLE EMPLOYER MAY CLAIM A CREDIT AGAINST THE STATE INCOME TAX IN
7 AN AMOUNT EQUAL TO THE AMOUNT OF THE TAX CREDIT STATED IN THE CREDIT
8 CERTIFICATE ISSUED TO AN ELIGIBLE EMPLOYER AS PROVIDED UNDER THIS
9 SECTION.

10 (2) THE AMOUNT OF THE TAX CREDIT ALLOWED UNDER THIS SECTION
11 MAY NOT EXCEED:

12 (I) \$1,000 FOR EACH ELIGIBLE INTERN; OR

13 (II) 10% OF THE WAGES PAID TO EACH ELIGIBLE INTERN.

14 (3) AN ELIGIBLE EMPLOYER MAY NOT CLAIM A CREDIT FOR MORE
15 THAN FIVE ELIGIBLE INTERNS EMPLOYED IN THE TAXABLE YEAR FOR WHICH THE
16 ELIGIBLE EMPLOYER CLAIMS THE CREDIT.

17 (4) THE UNUSED AMOUNT OF THE CREDIT FOR ANY TAXABLE YEAR
18 MAY NOT BE CARRIED OVER TO ANY OTHER TAXABLE YEAR.

19 (C) TO CLAIM THE CREDIT ALLOWED UNDER THIS SECTION, AN ELIGIBLE
20 EMPLOYER MUST ENTER INTO A WRITTEN AGREEMENT WITH AN ELIGIBLE
21 INSTITUTION SPECIFYING THAT THE ELIGIBLE INTERN:

22 (1) WILL BE SUPERVISED AND EVALUATED BY THE ELIGIBLE
23 EMPLOYER;

24 (2) IS NOT REQUIRED TO PERFORM THE INTERNSHIP FOR A SPECIFIC
25 DEGREE PROGRAM THAT REQUIRES PRACTICAL EXPERIENCE, INCLUDING STUDENT
26 TEACHING OR STUDENT NURSING; AND

27 (3) (I) WILL EARN ACADEMIC CREDIT FOR COMPLETING THE
28 INTERNSHIP; OR

29 (II) IF NO ACADEMIC CREDIT WILL BE EARNED, WILL WORK IN
30 AN INTERNSHIP RELATED TO THE ELIGIBLE INTERN'S FIELD OF STUDY AT THE
31 ELIGIBLE INSTITUTION.

1 (D) (1) AT LEAST 30 DAYS PRIOR TO EMPLOYING AN ELIGIBLE INTERN
 2 FOR WHICH AN ELIGIBLE EMPLOYER WOULD BE ELIGIBLE FOR A TAX CREDIT UNDER
 3 THIS SECTION, THE ELIGIBLE EMPLOYER SHALL SUBMIT AN APPLICATION TO THE
 4 DEPARTMENT.

5 (2) THE DEPARTMENT SHALL:

6 (I) APPROVE ALL APPLICATIONS THAT QUALIFY FOR CREDITS
 7 UNDER THIS SECTION ON A FIRST-COME, FIRST-SERVED BASIS; AND

8 (II) WITHIN 30 DAYS OF RECEIPT OF AN APPLICATION, CERTIFY
 9 THE AMOUNT OF ANY APPROVED TAX CREDITS TO AN ELIGIBLE EMPLOYER.

10 (3) FOR ANY TAXABLE YEAR, THE DEPARTMENT MAY NOT ISSUE
 11 MORE THAN ~~\$500,000~~ \$300,000 IN TAX CREDIT CERTIFICATES.

12 ~~(E) IF THE CREDIT ALLOWED UNDER THIS SECTION IN ANY TAXABLE YEAR~~
 13 ~~EXCEEDS THE STATE INCOME TAX FOR THAT TAXABLE YEAR, AN INDIVIDUAL OR A~~
 14 ~~CORPORATION MAY APPLY THE EXCESS AS A CREDIT AGAINST THE STATE INCOME~~
 15 ~~TAX FOR SUCCEEDING TAXABLE YEARS UNTIL THE EARLIER OF:~~

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

17 ~~(2) THE EXPIRATION OF THE 7TH TAXABLE YEAR AFTER THE TAXABLE~~
 18 ~~YEAR IN WHICH THE ELIGIBLE EMPLOYER EMPLOYED THE ELIGIBLE INTERN.~~

19 ~~(F)~~ (E) THE DEPARTMENT SHALL ADOPT REGULATIONS TO CARRY OUT
 20 THE PROVISIONS OF THIS SECTION AND TO SPECIFY CRITERIA AND PROCEDURES
 21 FOR APPLICATION FOR AND APPROVAL OF TAX CREDIT CERTIFICATES FOR THE TAX
 22 CREDIT UNDER THIS SECTION.

23 SECTION 2. AND BE IT FURTHER ENACTED, That, on or before July 1, 2020, the
 24 Comptroller, in consultation with the Department of Labor, Licensing, and Regulation,
 25 shall report to the General Assembly, in accordance with § 2-1246 of the State Government
 26 Article, on the utilization of the income tax credit enacted under Section 1 of this Act.

27 SECTION ~~2~~ 3. AND BE IT FURTHER ENACTED, That this Act shall take effect
 28 July 1, 2017, and shall be applicable to all taxable years beginning after December 31, ~~2016~~
 29 2017, but before January 1, 2021. It shall remain effective for a period of 4 years and, at
 30 the end of June 30, 2021, with no further action required by the General Assembly, this Act
 31 shall be abrogated and of no further force and effect.