

SENATE BILL 885

F2, Q3
SB 380/18 – B&T

9lr3116
CF HB 582

By: **Senator King**

Introduced and read first time: February 13, 2019

Assigned to: Rules

A BILL ENTITLED

1 AN ACT concerning

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

3 FOR the purpose of allowing certain employers a credit, up to a certain amount, against
4 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; prohibiting the carryforward of the credit; requiring the
12 Department to adopt certain regulations; requiring the Comptroller, in consultation
13 with the Department, to report to the General Assembly on or before a certain date;
14 defining certain terms; providing for the application and termination of this Act; and
15 generally relating to a tax credit for certain internships.

16 BY adding to

17 Article – Tax – General

18 Section 10–749

19 Annotated Code of Maryland

20 (2016 Replacement Volume and 2018 Supplement)

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

23 **Article – Tax – General**

24 **10–749.**

25 **(A) (1) IN THIS SECTION THE FOLLOWING WORDS HAVE THE MEANINGS**

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 INDICATED.

2 (2) "DEPARTMENT" MEANS THE DEPARTMENT OF LABOR,
3 LICENSING, AND REGULATION.

4 (3) "ELIGIBLE EMPLOYER" MEANS A BUSINESS ENTITY:

5 (I) LOCATED IN THE STATE; AND

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

8 (4) "ELIGIBLE INSTITUTION" MEANS A PUBLIC OR PRIVATE
9 NONPROFIT INSTITUTION OF HIGHER EDUCATION IN THE STATE.

10 (5) "ELIGIBLE INTERN" MEANS A STUDENT WHO:

11 (I) IS ENROLLED IN AN ELIGIBLE INSTITUTION;

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

14 (III) WORKS AT LEAST 10 HOURS PER WEEK FOR A MINIMUM OF
15 8 WEEKS FOR AN ELIGIBLE EMPLOYER;

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

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

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

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

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

26 (B) (1) SUBJECT TO THE LIMITATIONS OF THIS SECTION, FOR THE
27 TAXABLE YEAR IN WHICH AN ELIGIBLE EMPLOYER EMPLOYS AN ELIGIBLE INTERN,
28 THE ELIGIBLE EMPLOYER MAY CLAIM A CREDIT AGAINST THE STATE INCOME TAX IN
29 AN AMOUNT EQUAL TO THE AMOUNT OF THE TAX CREDIT STATED IN THE CREDIT

1 CERTIFICATE ISSUED TO AN ELIGIBLE EMPLOYER AS PROVIDED UNDER THIS
2 SECTION.

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

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

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

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

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

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

15 (1) WILL BE SUPERVISED AND EVALUATED BY THE ELIGIBLE
16 EMPLOYER;

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

20 (3) (I) WILL EARN ACADEMIC CREDIT FOR COMPLETING THE
21 INTERNSHIP; OR

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

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

29 (2) THE DEPARTMENT SHALL:

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

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

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

5 **(E) THE DEPARTMENT SHALL ADOPT REGULATIONS TO CARRY OUT THE**
6 **PROVISIONS OF THIS SECTION AND TO SPECIFY CRITERIA AND PROCEDURES FOR**
7 **APPLICATION FOR AND APPROVAL OF TAX CREDIT CERTIFICATES FOR THE TAX**
8 **CREDIT UNDER THIS SECTION.**

9 SECTION 2. AND BE IT FURTHER ENACTED, That, on or before July 1, 2022, the
10 Comptroller, in consultation with the Department of Labor, Licensing, and Regulation,
11 shall report to the General Assembly, in accordance with § 2-1246 of the State Government
12 Article, on the utilization of the income tax credit enacted under Section 1 of this Act.

13 SECTION 3. AND BE IT FURTHER ENACTED, That this Act shall take effect July
14 1, 2019, and shall be applicable to all taxable years beginning after December 31, 2018, but
15 before January 1, 2023. It shall remain effective for a period of 4 years and, at the end of
16 June 30, 2023, this Act, with no further action required by the General Assembly, shall be
17 abrogated and of no further force and effect.