

# SENATE BILL 380

Q3, F5  
SB 522/17 – B&T

8lr1163  
CF HB 1358

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By: **Senators King, Benson, Conway, Feldman, Ferguson, Guzzone, Klausmeier, Manno, McFadden, Middleton, Peters, Robinson, Smith, Young, and Zucker**

Introduced and read first time: January 25, 2018

Assigned to: Budget and Taxation

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Committee Report: Favorable

Senate action: Adopted

Read second time: February 20, 2018

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## CHAPTER \_\_\_\_\_

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 10–746

19 Annotated Code of Maryland

20 (2016 Replacement Volume and 2017 Supplement)

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

22 That the Laws of Maryland read as follows:

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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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2 **10-746.**

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

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

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

8 (I) LOCATED IN THE STATE; AND

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

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

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

14 (I) IS ENROLLED IN AN ELIGIBLE INSTITUTION;

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

17 (III) WORKS AT LEAST 10 HOURS PER WEEK FOR A MINIMUM OF  
18 8 WEEKS FOR AN ELIGIBLE EMPLOYER;

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

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

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

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

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

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

7           **(2) THE AMOUNT OF THE TAX CREDIT ALLOWED UNDER THIS SECTION**  
8 **MAY NOT EXCEED:**

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

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

11           **(3) AN ELIGIBLE EMPLOYER MAY NOT CLAIM A CREDIT FOR MORE**  
12 **THAN FIVE ELIGIBLE INTERNS EMPLOYED IN THE TAXABLE YEAR FOR WHICH THE**  
13 **ELIGIBLE EMPLOYER CLAIMS THE CREDIT.**

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

16           **(C) TO CLAIM THE CREDIT ALLOWED UNDER THIS SECTION, AN ELIGIBLE**  
17 **EMPLOYER MUST ENTER INTO A WRITTEN AGREEMENT WITH AN ELIGIBLE**  
18 **INSTITUTION SPECIFYING THAT THE ELIGIBLE INTERN:**

19                   **(1) WILL BE SUPERVISED AND EVALUATED BY THE ELIGIBLE**  
20 **EMPLOYER;**

21                   **(2) IS NOT REQUIRED TO PERFORM THE INTERNSHIP FOR A SPECIFIC**  
22 **DEGREE PROGRAM THAT REQUIRES PRACTICAL EXPERIENCE, INCLUDING STUDENT**  
23 **TEACHING OR STUDENT NURSING; AND**

24                   **(3) (I) WILL EARN ACADEMIC CREDIT FOR COMPLETING THE**  
25 **INTERNSHIP; OR**

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

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

1           **(2) THE DEPARTMENT SHALL:**

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

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

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

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

12           SECTION 2. AND BE IT FURTHER ENACTED, That, on or before July 1, 2021, the  
 13 Comptroller, in consultation with the Department of Labor, Licensing, and Regulation,  
 14 shall report to the General Assembly, in accordance with § 2-1246 of the State Government  
 15 Article, on the utilization of the income tax credit enacted under Section 1 of this Act.

16           SECTION 3. AND BE IT FURTHER ENACTED, That this Act shall take effect July  
 17 1, 2018, and shall be applicable to all taxable years beginning after December 31, 2018, but  
 18 before January 1, 2022. It shall remain effective for a period of 4 years and, at the end of  
 19 June 30, 2022, this Act, with no further action required by the General Assembly, shall be  
 20 abrogated and of no further force and effect.

Approved:

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Governor.

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President of the Senate.

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Speaker of the House of Delegates.