
SB 93

Date: March 23, 2022

Committee: House Ways and Means

Bill Title: *Tax Credits - Employment of Individuals With Disabilities*

Re: Letter of Information

SB 93 seeks to alter an existing state tax credit, which the Maryland Department of Labor (MD Labor) administers, to incentivize the hiring of individuals with disabilities by increasing the credited funding amount. Specifically, the funding is altered in 3 different ways:

1. For each taxable year, for the wages paid to each qualified employee with a disability, the credit would be allowed in an amount equal to 30% of up to the first \$15,000 of the wages paid to the qualified employee with a disability during each of the first 2 years of employment (*Current statute allows for up to \$9,000*).
2. For each taxable year, for child care provided or paid for by a business entity for the children of a qualified employee with a disability, or transportation expenses that are incurred by a business entity to enable a qualified employee with a disability to travel to and from work, a credit is allowed in an amount equal to up to \$1,500 of the qualified expenses incurred for each qualified employee with a disability during each of the first 2 years of employment (*Current statute allows for up to \$900*).
3. If a business entity is entitled to a tax credit for an employee who is employed for less than 1 year because the employee voluntarily terminates employment with the employer to take another job, the business entity may claim a tax credit of 30% of up to the first \$15,000 of the wages paid to the employee during the course of employment (*Current statute allow for up to \$9,000*).

While the Department of Legislative Services' analysis notes that the Department *may* incur additional costs to implement this bill, **MD Labor would require 25% of a Tax Credit Processor's time, which amounts to \$29,569 in FY 23, and similar staffing costs on an ongoing basis for future fiscal years.**

The Division of Workforce Development and Adult Learning staff who work on tax credits are exclusively funded through federal Workforce Innovation and Opportunity Act dollars. **MD Labor is prohibited from billing staff time that is spent on State funded projects, such as this tax credit, to this federal funding stream.** When the State does not comply with this requirement, it jeopardizes this crucial federal funding coming to Maryland.

The Department respectfully requests that the Committee consider this information.