

HOUSE BILL 349

Q3

7lr1130
CF SB 807

By: Delegates Miele, Afzali, Angel, Aumann, Barkley, Brooks, Cassilly, Chang, Ciliberti, Cluster, Ebersole, Folden, Frush, Grammer, Hixson, Holmes, Hornberger, S. Howard, Jalisi, Krebs, Long, McConkey, Metzgar, Pena-Melnyk, Queen, Rose, Saab, Shoemaker, Sophocleus, Szeliga, Turner, Valentino-Smith, C. Wilson, and P. Young P. Young, Ali, D. Barnes, Buckel, C. Howard, Kaiser, Luedtke, McMillan, Mosby, Patterson, Reilly, Simonaire, Tarlau, Walker, and Wilkins

Introduced and read first time: January 25, 2017

Assigned to: Ways and Means

Committee Report: Favorable with amendments

House action: Adopted

Read second time: March 14, 2017

CHAPTER _____

1 AN ACT concerning

2 **Income Tax Credit – Wages Paid to Qualified Veteran Employees**
3 **(Hire Our Veterans Act of 2017)**

4 FOR the purpose of allowing a credit against the State income tax for certain wages paid
5 by certain small businesses to certain qualified veteran employees; providing for the
6 calculation of the credit; prohibiting a small business from claiming the credit under
7 certain circumstances; ~~requiring the small business to submit certain documentation~~
8 ~~to qualify for the credit;~~ requiring the Department of Veterans Affairs, on application
9 of a small business, to issue a tax credit certificate under certain circumstances;
10 requiring the application to contain certain information; requiring the Department
11 to approve applications on a first-come, first-served basis and notify applicants of
12 approval or denial of an application within a certain number of days after receipt of
13 the application; providing that the total amount of tax credit certificates issued by
14 the Department may not exceed a certain amount for each taxable year; requiring
15 the Department to report certain information to the Comptroller on or before a
16 certain date each year; requiring the Department to adopt certain regulations;
17 requiring the Secretary of Veterans Affairs to report to the General Assembly on or
18 before a certain date; defining certain terms; providing for the application of this Act;

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.



and generally relating to a State income tax credit for wages paid to qualified veteran employees.

BY adding to

Article – Tax – General

Section 10–741

Annotated Code of Maryland

(2016 Replacement Volume)

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

Article – Tax – General

10–741.

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

(2) “DEPARTMENT” MEANS THE DEPARTMENT OF VETERANS
AFFAIRS.

~~(2)~~ (3) “QUALIFIED VETERAN EMPLOYEE” MEANS AN INDIVIDUAL
WHO:

(I) IS HONORABLY DISCHARGED OR RELEASED UNDER
HONORABLE CIRCUMSTANCES FROM ACTIVE MILITARY, NAVAL, OR AIR SERVICE AS
DEFINED IN 38 U.S.C. § 101; AND

(II) IS A QUALIFIED VETERAN AS DEFINED UNDER 26 U.S.C. §
51(D)(3)(A) FOR PURPOSES OF THE FEDERAL WORK OPPORTUNITY TAX CREDIT.

~~(3)~~ (4) “SMALL BUSINESS” MEANS AN INDIVIDUAL, A
PARTNERSHIP, A LIMITED PARTNERSHIP, A LIMITED LIABILITY PARTNERSHIP, A
LIMITED LIABILITY COMPANY, OR A CORPORATION THAT EMPLOYS 50 OR FEWER
FULL–TIME EMPLOYEES.

(B) EXCEPT AS PROVIDED IN SUBSECTION (D) OF THIS SECTION, A SMALL
BUSINESS THAT HIRES A QUALIFIED VETERAN EMPLOYEE MAY CLAIM A CREDIT
AGAINST THE STATE INCOME TAX ~~IN THE AMOUNTS DETERMINED UNDER
SUBSECTION (C) OF THIS SECTION~~ IN THE AMOUNT STATED ON THE TAX CREDIT
CERTIFICATE ISSUED UNDER SUBSECTION (E) OF THIS SECTION FOR WAGES PAID TO
THE QUALIFIED VETERAN EMPLOYEE.

(C) FOR EACH TAXABLE YEAR, FOR THE WAGES PAID TO EACH QUALIFIED VETERAN EMPLOYEE, A CREDIT ~~IS ALLOWED IN AN AMOUNT EQUAL TO:~~

~~(1) MAY NOT EXCEED 30% OF UP TO THE FIRST \$6,000 OF WAGES PAID TO THE QUALIFIED VETERAN EMPLOYEE DURING THE FIRST YEAR OF EMPLOYMENT;~~
~~AND~~

~~(2) 20% OF UP TO THE FIRST \$6,000 OF WAGES PAID TO THE QUALIFIED VETERAN EMPLOYEE DURING THE SECOND YEAR OF EMPLOYMENT.~~

(D) A SMALL BUSINESS MAY NOT CLAIM THE CREDIT UNDER THIS SECTION:

(1) FOR MORE THAN FIVE QUALIFIED VETERAN EMPLOYEES IN A TAXABLE YEAR; OR

(2) FOR A QUALIFIED VETERAN EMPLOYEE WHO IS HIRED TO REPLACE A LAID-OFF EMPLOYEE OR AN EMPLOYEE WHO IS ON STRIKE.

(E) (1) ON APPLICATION BY A SMALL BUSINESS, THE DEPARTMENT SHALL ISSUE A TAX CREDIT CERTIFICATE IN THE AMOUNT ALLOWABLE UNDER SUBSECTION (C) OF THIS SECTION FOR EACH QUALIFIED VETERAN EMPLOYEE EMPLOYED BY THE SMALL BUSINESS IN A TAXABLE YEAR, SUBJECT TO SUBSECTION (D)(1) OF THIS SECTION.

(2) THE APPLICATION SHALL INCLUDE:

(I) THE NAME OF THE SMALL BUSINESS;

(II) INFORMATION IDENTIFYING THE NAME AND DATE OF HIRE OF THE QUALIFIED VETERAN EMPLOYEE;

(III) PROOF OF THE WAGES PAID TO THE QUALIFIED VETERAN EMPLOYEE; AND

(IV) ANY OTHER INFORMATION THAT THE DEPARTMENT REQUIRES.

(3) THE DEPARTMENT SHALL:

(I) APPROVE ALL APPLICATIONS THAT QUALIFY FOR A TAX CREDIT CERTIFICATE UNDER THIS SUBSECTION ON A FIRST-COME, FIRST-SERVED BASIS; AND

(II) NOTIFY THE SMALL BUSINESS WITHIN 45 DAYS AFTER THE RECEIPT OF THE APPLICATION OF THE DEPARTMENT'S APPROVAL OR DENIAL.

1 (4) FOR EACH TAXABLE YEAR, THE TOTAL AMOUNT OF THE CREDIT
2 CERTIFICATES THAT MAY BE ISSUED BY THE DEPARTMENT UNDER THIS SECTION
3 MAY NOT EXCEED \$500,000.

4 (F) ON OR BEFORE JANUARY 31 OF EACH TAXABLE YEAR, THE
5 DEPARTMENT SHALL REPORT TO THE COMPTROLLER ON THE TAX CREDIT
6 CERTIFICATES ISSUED UNDER THIS SECTION DURING THE PRIOR TAXABLE YEAR.

7 (G) THE DEPARTMENT SHALL ADOPT REGULATIONS TO:

8 (1) IMPLEMENT THE PROVISIONS OF THIS SECTION; AND

9 (2) SPECIFY CRITERIA AND PROCEDURES FOR APPLICATION FOR,
10 APPROVAL OF, AND MONITORING CONTINUING ELIGIBILITY FOR THE TAX CREDIT
11 UNDER THIS SECTION.

12 ~~(E) TO QUALIFY FOR THE CREDIT PROVIDED UNDER THIS SECTION, FOR~~
13 ~~EACH QUALIFIED VETERAN EMPLOYEE FOR WHOM THE SMALL BUSINESS IS~~
14 ~~CLAIMING THE CREDIT, THE SMALL BUSINESS SHALL ATTACH TO THE SMALL~~
15 ~~BUSINESS'S INCOME TAX RETURN OR OTHERWISE FILE WITH THE COMPTROLLER:~~

16 ~~(1) INFORMATION IDENTIFYING THE NAME AND DATE OF HIRE OF THE~~
17 ~~QUALIFIED VETERAN EMPLOYEE; AND~~

18 ~~(2) PROOF OF THE WAGES PAID TO THE QUALIFIED VETERAN~~
19 ~~EMPLOYEE.~~

20 SECTION 2. AND BE IT FURTHER ENACTED, That, on or before June 30, 2020,
21 the Secretary of Veterans Affairs shall report to the General Assembly, in accordance with
22 § 2-1246 of the State Government Article, on the effectiveness of the tax credit established
23 under this Act.

24 SECTION 2. 3. AND BE IT FURTHER ENACTED, That this Act shall take effect
25 July 1, 2017, and shall be applicable to all taxable years beginning after December 31, 2016.