

SENATE BILL 807

Q3

7lr2618
CF HB 349

By: ~~Senators Smith and Astle~~, Astle, Kasemeyer, Madaleno, Currie, DeGrange,
Eckardt, Edwards, Ferguson, Guzzone, King, Manno, McFadden, Peters,
and Serafini

Introduced and read first time: February 3, 2017

Assigned to: Budget and Taxation

Committee Report: Favorable with amendments

Senate action: Adopted

Read second time: March 28, 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 Commerce, on application of a~~
9 ~~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 Commerce to report to the General Assembly on or before~~
18 ~~a certain date; defining certain terms; providing for the application of this Act; and~~
19 generally relating to a State income tax credit for wages paid to qualified veteran
20 employees.

21 BY adding to
22 Article – Tax – General

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.



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 COMMERCE.

~~(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.

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

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

(G) THE DEPARTMENT SHALL ADOPT REGULATIONS TO:

(1) IMPLEMENT THE PROVISIONS OF THIS SECTION; AND

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

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

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

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

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

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

Approved:

Governor.

President of the Senate.

Speaker of the House of Delegates.