

SENATE BILL 807

Q3

7lr2618
CF HB 349

By: **Senators Smith and Astle**

Introduced and read first time: February 3, 2017

Assigned to: Budget and Taxation

A BILL ENTITLED

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 by
5 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 to
8 qualify for the credit; defining certain terms; providing for the application of this Act;
9 and generally relating to a State income tax credit for wages paid to qualified veteran
10 employees.

11 BY adding to
12 Article – Tax – General
13 Section 10–741
14 Annotated Code of Maryland
15 (2016 Replacement Volume)

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

18 **Article – Tax – General**

19 **10–741.**

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

22 (2) “QUALIFIED VETERAN EMPLOYEE” MEANS AN INDIVIDUAL WHO IS
23 HONORABLY DISCHARGED OR RELEASED UNDER HONORABLE CIRCUMSTANCES
24 FROM ACTIVE MILITARY, NAVAL, OR AIR SERVICE AS DEFINED IN 38 U.S.C. § 101.

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



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

(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 this Act shall take effect July 1, 2017, and shall be applicable to all taxable years beginning after December 31, 2016.