

HOUSE BILL 1198

Q3
HB 896/19 – W&M

0lr2636

By: **Delegates Rose, D. Barnes, Beitzel, Buckel, McKay, Shoemaker, and Wivell**
Introduced and read first time: February 7, 2020
Assigned to: Ways and Means

A BILL ENTITLED

1 AN ACT concerning

2 **Income Tax Credit – Small Businesses – Student Interns**

3 FOR the purpose of authorizing a credit against the State income tax for certain small
4 businesses that hire high school or college interns or apprentices under certain
5 circumstances; establishing that a small business may not claim the credit for more
6 than a certain number of interns or apprentices; providing that the credit may not
7 exceed a certain amount; requiring a small business to submit certain documentation
8 to qualify for the credit; providing for the carryforward of the credit; providing that
9 certain organizations exempt from taxation may receive the credit as a refund under
10 certain circumstances; defining a certain term; providing for the application of this
11 Act; and generally relating to an income tax credit for businesses that hire interns
12 or apprentices.

13 BY adding to
14 Article – Tax – General
15 Section 10–751
16 Annotated Code of Maryland
17 (2016 Replacement Volume and 2019 Supplement)

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

20 **Article – Tax – General**

21 **10–751.**

22 (A) IN THIS SECTION, “SMALL BUSINESS” MEANS AN INDIVIDUAL, A
23 PARTNERSHIP, A LIMITED PARTNERSHIP, A LIMITED LIABILITY PARTNERSHIP, A
24 LIMITED LIABILITY COMPANY, OR A CORPORATION THAT EMPLOYS 50 OR FEWER
25 FULL–TIME EMPLOYEES.

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.
[Brackets] indicate matter deleted from existing law.



(B) (1) SUBJECT TO PARAGRAPH (2) OF THIS SUBSECTION, A SMALL BUSINESS THAT HIRES A HIGH SCHOOL OR COLLEGE INTERN OR APPRENTICE MAY CLAIM A CREDIT AGAINST THE STATE INCOME TAX IF THE HIGH SCHOOL OR COLLEGE INTERN OR APPRENTICE WORKS FOR THE SMALL BUSINESS FOR AT LEAST 20 HOURS EACH WEEK FOR AT LEAST 3 MONTHS DURING THE TAXABLE YEAR.

(2) A SMALL BUSINESS MAY NOT CLAIM THE TAX CREDIT UNDER PARAGRAPH (1) OF THIS SUBSECTION FOR MORE THAN THREE HIGH SCHOOL OR COLLEGE INTERNS OR APPRENTICES EACH YEAR.

(C) FOR ANY TAXABLE YEAR, THE CREDIT ALLOWED UNDER THIS SECTION MAY NOT EXCEED THE LESSER OF:

(1) \$2,500 FOR EACH ELIGIBLE INTERN OR APPRENTICE HIRED; OR

(2) \$7,500.

(D) FOR EACH HIGH SCHOOL OR COLLEGE INTERN OR APPRENTICE FOR WHICH A SMALL BUSINESS CLAIMS THE CREDIT ALLOWED UNDER THIS SECTION, THE SMALL BUSINESS SHALL ATTACH TO THE SMALL BUSINESS'S INCOME TAX RETURN OR OTHERWISE FILE WITH THE COMPTROLLER DOCUMENTATION OF:

(1) THE NAME AND AGE OF THE INTERN OR APPRENTICE;

(2) THE HIGH SCHOOL OR COLLEGE ATTENDED BY THE INTERN OR APPRENTICE; AND

(3) THE PERIOD OF EMPLOYMENT AND WEEKLY HOURS WORKED BY THE INTERN OR APPRENTICE DURING THE TAXABLE YEAR.

(E) (1) EXCEPT AS PROVIDED IN SUBSECTION (F) OF THIS SECTION, THE TOTAL AMOUNT OF THE CREDIT ALLOWED UNDER THIS SECTION FOR ANY TAXABLE YEAR MAY NOT EXCEED THE STATE INCOME TAX IMPOSED FOR THAT TAXABLE YEAR.

(2) THE UNUSED AMOUNT OF THE CREDIT FOR ANY TAXABLE YEAR MAY NOT BE CARRIED OVER TO ANY OTHER TAXABLE YEAR.

(F) IF THE CREDIT ALLOWED UNDER THIS SECTION IN ANY TAXABLE YEAR EXCEEDS THE SUM OF THE STATE INCOME TAX OTHERWISE PAYABLE BY AN ORGANIZATION THAT IS EXEMPT FROM TAXATION UNDER § 501(C)(3) OR (4) OF THE INTERNAL REVENUE CODE, THE ORGANIZATION MAY RECEIVE A REFUND OF THE EXCESS CREDIT.

1 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect July
2 1, 2020, and shall be applicable to all taxable years beginning after December 31, 2019.