

# HOUSE BILL 489

Q3  
HB 909/19 – W&M

0lr2918

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By: **Delegates Haynes, Chang, Fennell, and Turner**

Introduced and read first time: January 24, 2020

Assigned to: Ways and Means

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## A BILL ENTITLED

1 AN ACT concerning

2 **Income Tax Credit – Student Employees**

3 FOR the purpose of allowing certain business entities a credit against the State income tax  
4 for the cost of hiring certain student employees under certain circumstances;  
5 providing that the credit may not exceed a certain amount; requiring a business  
6 entity to submit certain documentation to qualify for the credit; providing that  
7 certain organizations exempt from taxation may receive the credit as a refund under  
8 certain circumstances; defining certain terms; providing for the application of this  
9 Act; and generally relating to an income tax credit for hiring student employees.

10 BY adding to

11 Article – Tax – General

12 Section 10–751

13 Annotated Code of Maryland

14 (2016 Replacement Volume and 2019 Supplement)

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

17 **Article – Tax – General**

18 **10–751.**

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

21 (2) “BUSINESS ENTITY” MEANS:

22 (I) A PERSON CONDUCTING OR OPERATING A TRADE OR  
23 BUSINESS IN THE STATE; OR

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EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1                   (II) AN ORGANIZATION OPERATING IN THE STATE THAT IS  
2 EXEMPT FROM TAXATION UNDER § 501(C)(3) OR (4) OF THE INTERNAL REVENUE  
3 CODE.

4                   (3) “STUDENT EMPLOYEE” MEANS AN INDIVIDUAL WHO:

5                   (I) IS AT LEAST 14 YEARS OLD BUT UNDER THE AGE OF 19  
6 YEARS; AND

7                   (II) ATTENDS AS A REGULAR FULL-TIME STUDENT A PUBLIC OR  
8 PRIVATE HIGH SCHOOL IN THE STATE.

9                   (B) A BUSINESS ENTITY MAY CLAIM A CREDIT AGAINST THE STATE INCOME  
10 TAX FOR THE COST OF EMPLOYING A STUDENT EMPLOYEE DURING THE TAXABLE  
11 YEAR IF THE STUDENT EMPLOYEE:

12                   (1) ATTENDS A HIGH SCHOOL AT WHICH AT LEAST 80% OF THE  
13 REGISTERED STUDENTS ARE ELIGIBLE FOR THE FEDERAL FREE OR REDUCED PRICE  
14 MEAL PROGRAM; AND

15                   (2) WORKS FOR THE BUSINESS ENTITY:

16                   (I) FOR AT LEAST 3 MONTHS DURING THE TAXABLE YEAR; AND

17                   (II) FOR AT LEAST 20 HOURS EACH WEEK DURING THE PERIOD  
18 OF EMPLOYMENT.

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

21                   (1) \$1,000 FOR EACH ELIGIBLE STUDENT EMPLOYEE; OR

22                   (2) \$5,000.

23                   (D) FOR EACH STUDENT EMPLOYEE FOR WHICH A BUSINESS ENTITY CLAIMS  
24 THE CREDIT ALLOWED UNDER THIS SECTION, THE BUSINESS ENTITY SHALL ATTACH  
25 TO THE BUSINESS ENTITY’S INCOME TAX RETURN OR OTHERWISE FILE WITH THE  
26 COMPTROLLER DOCUMENTATION OF:

27                   (1) THE NAME AND AGE OF THE STUDENT EMPLOYEE;

28                   (2) THE HIGH SCHOOL ATTENDED BY THE STUDENT EMPLOYEE; AND

1           **(3) THE PERIOD OF EMPLOYMENT AND WEEKLY HOURS WORKED BY**  
2 **THE STUDENT EMPLOYEE DURING THE TAXABLE YEAR.**

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

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

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

13           SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect July  
14 1, 2020, and shall be applicable to all taxable years beginning after December 31, 2019.