



Nancy S. Grasmick  
State Superintendent of Schools

200 West Baltimore Street • Baltimore, MD 21201 • 410-767-0100 • 410-333-6442 TTY/TDD • MarylandPublicSchools.org

TO: Members of the State Board of Education  
FROM: Nancy S. Grasmick *Nancy*  
DATE: March 24, 2009  
SUBJECT: COMAR 13A.05.08  
Work-Based Learning Programs  
**ADOPTION**

---

**PURPOSE:**

The purpose of this action is to seek adoption of the COMAR regulations applying to Approved Paid Work-Based Learning Programs. (Attachment I).

**HISTORICAL BACKGROUND:**

Beginning in 1998, Maryland offered a tax credit to employers who hired students in paid work-based learning programs that linked to a student's educational program. The purpose of the tax credit was to support industry/school partnerships and expand learning in the workplace. The law sunset on December 31, 2004.

The 2008 Maryland General Assembly passed new legislation, similar to the previous law, providing employers with a work-based learning tax credit for wages paid to students. The regulations in the Annotated Code of Maryland governing the legislation in the previous law were in the process of being repealed when the new law was passed. These regulations have been revised to incorporate the changes in the new legislation.

**SUMMARY:**

The Tax Credit for Employer Established Work Based Learning Programs for Students is authorized for taxable years beginning after December 31, 2008 and on or before June 30, 2013. No public comments were received.

**ACTION:**

I am recommending State Board adoption of the amended regulations under COMAR 13A.05.08.

Attachment

**Title 13A**  
**STATE BOARD OF EDUCATION**

**Subtitle 05 SPECIAL INSTRUCTIONAL PROGRAMS**

**13A.05.08 *Approved Paid Work-Based Learning Programs***

Authority: Education Article, §21-501,  
Annotated Code of Maryland

**Notice of Proposed Action**

[09-086-P]

The Maryland State Board of Education proposes to amend Regulations .02, .03, and .06 under **COMAR 13A.05.08 Approved Paid Work-Based Learning Programs**. The Maryland State Board of Education withdraws the proposed repeal of Regulations .01—.06 under **COMAR 13A.05.08 Work-Based Learning Programs**, as published in 35:7 Md. R. 758 (March 28, 2008). This action was considered by the Maryland State Board of Education on December 17, 2008.

**Statement of Purpose**

The purpose of this action is to update the regulations pertaining to the Tax Credit for Employer Established Work-Based Learning Programs for Students to conform them, to Ch. 571, Acts of 2008.

**Comparison to Federal Standards**

There is no corresponding federal standard to this proposed action.

**Estimate of Economic Impact**

**I. Summary of Economic Impact.** Ch. 571, Acts of 2008, created a 15 percent State income tax credit program for employer-established approved youth work-based learning programs. The Maryland State Department of Education may approve up to 1,000 eligible youths (ages 16—22) each year. The cumulative credit may not exceed \$1,500 per youth. The tax credit is allowed only for taxable years beginning after December 31, 2008. The economic impact will be on State revenue, and perhaps even some local revenues, which could decline by an indeterminate amount. Similar legislation enacted during the 2001 Session of the General Assembly resulted in a decrease in State revenues of \$189,870 over a 3-year period (2001—2003), as documented in the Department of Legislative Services Fiscal and Policy Note that accompanied the bill (Senate Bill 297).

<b>II. Types of Economic Impact.</b>	Revenue (R+/R-) Expenditure (E+/E-)	Magnitude
A. On issuing agency:	NONE	
B. On other State agencies:	(R-)	Unknown
C. On local governments:	(R-)	\$4,600 to \$5,300
	Benefit (+) Cost (-)	Magnitude

D. On regulated industries or trade groups:	(+)	\$189,870
E. On other industries or trade groups:	(+)	\$189,870
F. Direct and indirect effects on public:	(-)	Unknown

### III. Assumptions. (Identified by Impact Letter and Number from Section II.)

B. A reduction in State revenue as a result of the tax credit could reduce the amount of funds available for the State budget. Other State agencies might be affected by the reduction in revenue.

C. There will be a reduction in local revenues as a result of tax credit claims (\$4,600 in FY 2010 and increasing to \$5,300 by FY 2013). Local expenditures are not affected.

D. and E. The action would have a favorable impact on industries or trade groups that employ eligible youth in qualified programs because they could receive a tax credit of up to \$1,500 per person. Results from previous legislation showed that 62 employers, ranging from small businesses to large firms, took advantage of the tax credit, in total, saving \$189,870.

F. The action would reduce State revenue.

#### Economic Impact on Small Businesses

The proposed action has a meaningful economic impact on small businesses. An analysis of this economic impact follows.

The action would have a favorable impact on industries or trade groups that employ eligible youth in qualified programs because they could receive a tax credit of up to \$1,500 per person. Results from previous legislation showed that 62 employers, ranging from small businesses to large firms, took advantage of the tax credit, in total, saving \$189,870.

#### Impact on Individuals with Disabilities

The proposed action has no impact on individuals with disabilities.

#### Opportunity for Public Comment

Comments may be sent to Jeanne-Marie Holly, Program Manager, CTE Systems Branch, Division of Career Technology and Adult Learning, Maryland State Department of Education, 200 West Baltimore Street, Baltimore, MD 21201, or call 410-767-0182, or email to [jmholly@msde.state.md.us](mailto:jmholly@msde.state.md.us), or fax to 410-333-2084. Comments will be accepted through March 2, 2009. A public hearing has not been scheduled.

#### .02 Definitions.

A. (text unchanged)

B. Terms Defined.

(1)—(3) (text unchanged)

[(4) “Local labor market teams (LLMTs)” means regional teams made up of employers, educators, and labor and community agency representatives providing regional leadership and grant administration to transition students from school to careers.]

[(5)] (4)—[(6)] (5) (text unchanged)

(6) “Student” has the meaning stated in Education Article, §21-501(a), Annotated Code of Maryland.

[(7) “Student” means an individual who:

(a) Is at least 16 years old but younger than 23 years old, or who becomes 23 years old while participating in an approved paid work-based learning program under this chapter; and

(b) Is enrolled in a public or private secondary or postsecondary school in the State.]

[(8)] (7)—[(10)] (9) (text unchanged)

**.03 [Certification] Approval for Work-Based Learning Program Tax Credit.**

*A. An eligible party may establish a paid work-based learning program for students, as described in Regulation .02 of this chapter, that is consistent with current State and federal employment of minors laws and approved by the Department as provided under this chapter.*

[A.] B. Certification by the LWIB.

(1) *Certification Forms.*

[(1)] (a) A potential eligible party or a work-based learning coordinator shall submit to the LWIB information concerning the student and the employer on a work-based learning certification form provided by the LWIB.

(b) A copy of [the training] *a completed work-based learning agreement* shall be attached to the *certification* form.

(c) The *certification* form shall include a [certification] *verification* from the employer of the number of hours the student worked for the employer.

(2) *LWIB Approval.*

(a) The LWIB, or its designee, shall review the certification form and the [training] *work-based learning agreement*.

(b) *The LWIB shall approve the employer as an eligible party for purposes of the tax credit if:*

(i) [If the] *The LWIB determines that the employer meets the definition of an eligible party under Regulation .02B of this chapter; and*

(ii) [If the training] *The work-based learning agreement meets the [definition] criteria of a work-based learning program under Regulation .02B of this chapter[,].*

(c) [If the] *The LWIB shall [certify that the employer is an eligible party for purposes of the tax credit and] forward the certification form and work-based agreement to the Department for authorization.*

[B.] C. Authorization by the Department.

(1) Upon receipt of a certification form and *work-based* training agreement from the LWIB, the Department shall authorize the employer as an eligible party for purposes of the tax credit.

(2)—(3) (text unchanged)

**.06 Limitation on Claim of Credit by the Eligible Entity.**

A. The tax credit is authorized only for the taxable years beginning on or before December 31, [2000] 2012.

B.—E. (text unchanged)

NANCY S. GRASMICK  
State Superintendent of Schools