

DIVISION OF FINANCE

HIRE OUR VETERANS TAX CREDIT PROGRAM

STATUS REPORT

CH 180, Acts of 2017, Sec. 2
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Submitted by:

Maryland Department of Commerce

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BASIC FACTS ABOUT MARYLAND HIRE OUR VETERANS TAX CREDIT

The Hire Our Veterans Tax Credit was enacted during the 2017 legislative session of the Maryland General Assembly (Chapter 180, Acts of 2017) to provide an income tax credit to small businesses for hiring qualified veterans. The Department of Commerce (the “Department”) is responsible for administering the certification process. The amount of the tax credit is equal to 30% of up to the first \$6,000 of wages paid to a qualified veteran employee during the first year of employment. After receiving the credit, the employer must file a tax return with the Comptroller of Maryland for the taxable year in which the certification was issued. The tax credit is non-refundable and cannot be carried forward or backwards.

To be eligible to apply for the tax credit an applicant must meet the following criteria:

Qualified Employer:

A qualified employer is a “small business” operated by 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.

Qualified Veteran Employee:

- Must have been hired on or after January 1, 2017;
- Must have served in the active Armed Forces and have been discharged or released from that service under honorable circumstances. “Armed Forces” means the United States Army, Navy, Marine Corps, Air Force, & Coast Guard, including related reserve components;
- Must have served on active duty (not including training) in the Armed Forces for more than 180 days, OR have been discharged or released from active duty for a service-connected disability; AND not have a period of active duty (not including training) of more than 90 days that ended during the 60-day period ending on the hiring date;
- Must be a Qualified Veteran for purposes of the Federal Work Opportunity Tax Credit, as follows:
 - Be a veteran who is a member of a family that received SNAP benefits (food stamps) for at least a 3-month period during the 15-month period ending on the hiring date;
OR
 - Be a disabled veteran entitled to compensation for a service-connected disability, who has been hired within 1 year after discharge or release from active duty OR unemployed for at least 6 months in the year ending on the hiring date;
OR
 - Be a veteran who has been unemployed for at least 4 weeks in the year ending on the hiring date.

Limitations:

- This credit is only available for wages paid in the qualified veteran’s first year of employment.
- A qualified employer may claim up to 5 qualified veteran employees for each taxable year.,
- The total amount of credits available in a year is capped at \$500,000, and approvals of the tax credit certifications are on a first-come, first-served basis.
- The tax credit is not refundable.
- The tax credit cannot be carried forward or backwards.

EFFECTIVENESS OF THE TAX CREDIT

Since the inception of the program, the Department has received applications for certification from ten employers. Of the ten applications, the Department has certified eight employers who received tax credits totaling \$19,800 for hiring a total of 12 qualified veterans. Of the remaining two applications, one was determined to be ineligible because the employee was not a qualified veteran and one was incomplete and is still pending review.

Certified Tax Year	Company Name	County	# of Qualified Veteran	Tax Credit Amount (\$)
2017	Whitaker Legal, LLC	Baltimore	1	\$1,800
2017	Technology Support Services, Inc.	Carroll	1	\$1,800
2017	Skyline Construction, Inc.	Frederick	1	\$1,800
2017	Got Electric	Montgomery	1	\$1,800
2018	Applied Development	Baltimore City	1	\$1,800
2018	Valiant Harbor International, LLC	Montgomery	2	\$3,600
2019	Vintage Financial Partners	Montgomery	1	\$1,800
2019	Clear Ridge Defense, LLC	Baltimore	4	\$5,400
		Total	12	\$19,800

When administering the program, the Department coordinated with the Maryland Department of Labor as well as the Maryland Department of Veterans Affairs to ensure both agencies had access to marketing materials promoting the program to utilize through their outreach efforts. Additionally the Department has begun promoting the program through customized marketing material targeting small business.

In the absence of clear goals or legislative intent, it is difficult for the Department to comment on the effectiveness of a tax credit. With that said, a case could be made that 12 hires in the three years the program has been in place does not indicate the incentive is effective. On the other hand, if the goal of the program was to have at least one disadvantaged veteran hired, the program has exceeded that goal.

One limitation of the program is the requirement that the Qualified Veteran Employee also be a Qualified Veteran for purposes of the Federal Work Opportunity Tax Credit. The Department has had to decline one application on the basis that the employee did not meet these qualifications.