



JOB CREATION TAX CREDIT **IMPORTANT PROGRAM CHANGES**

The Maryland General Assembly passed legislation concerning eligibility for the Job Creation Tax Credit which may impact current and future applicants.

SB 186 Changes

For job creation tax credits certified after December 31, 2021, the definition of a qualified position includes a qualified veteran employee. A "qualified veteran employee" means an individual who is honorably discharged or released under honorable circumstances from active military, naval, or air service as defined in 38 U.S.C. 101, and is a qualified veteran as defined under §51(d)(3)(A) of the Internal Revenue Code for the purposes of the Federal Work Opportunity Tax Credit.

A qualified business entity may be eligible for an enhanced tax credit for hiring a qualified veteran employee. The tax credit is equal to \$4,000 for each qualified position that is filled by a qualified veteran employee. If the business facility is located in a revitalization area (state enterprise zone, federal empowerment zone, or DHCD sustainable community), the tax credit is equal to \$6,000 for each qualified position that is filled by a qualified veteran employee.

In addition, a small business may be eligible for the Job Creation Tax Credit for hiring at least one qualified veteran employee. A "small business" means an individual, partnership, limited partnership, limited liability partnership, limited liability company, or corporation that employs 50 or fewer total full-time employees. The tax credit is equal to \$2,500 for each qualified veteran employee who has filled the position for at least one year. A small business may not claim the credit for more than five qualified veteran employees in a credit year, or for a qualified veteran employee who is hired to replace a laid-off employee or an employee who is on strike, or for a qualified veteran employee who has filled the position for less than 1 year.

HB 278 Changes

For job creation tax credits certified after December 31, 2020, a revitalization area includes a Tier 1 county. Accordingly, a qualified business entity that establishes or expands in a Tier 1 county may receive a job creation tax credit equal to \$5,000 per qualified position, or \$6,000 if the qualified position is filled by a qualified veteran employee. Tier 1 counties currently include Allegany, Baltimore City, Caroline, Dorchester, Garrett, Kent, Somerset, Washington, Wicomico and Worcester County. This is subject to change.

Effective for positions filled after October 1, 2021, a qualified position means a position that:

- (1) Is full-time and of indefinite duration;
- (2) Pays at least the prevailing wage for an employee classification for which there is a prevailing wage rate, as defined under §17-201 of the State Finance and Procurement Article, or 150% of the State minimum wage for any other employee classification;
- (3) Is located in the State;
- (4) Provides career advancement training;
- (5) Affords the employee the right to collectively bargain for wages and benefits;
- (6) Provides paid leave;
- (7) Is considered covered employment for the purposes of the unemployment insurance benefits in accordance with Title 8 of the Labor and Employment Article;
- (8) Entitles the employee to workers' compensation benefits in accordance with Title 9 of the Labor and Employment Article;
- (9) Offers employer-provided health insurance benefits with monthly premiums that do not exceed 8.5% of the employee's net monthly earnings;
- (10) Offers retirement benefits;
- (11) Is newly created as a result of the establishment or expansion of a business facility in a single location in the State; and
- (12) Is filled.

JCTC Wage Requirement Effective for Positions Filled After October 1, 2021

Effective Date	State Minimum Wage	150% of State Minimum Wage
1/1/2021	\$11.75	\$17.63
1/1/2022	\$12.50	\$18.75
1/1/2023	\$13.25	\$19.88
1/1/2024	\$14.00	\$21.00
1/1/2025	\$15.00	\$22.50

For questions or concerns, please contact Abigail McKnight at abigail.mcknight@maryland.gov.