



Nancy S. Grasmick
State Superintendent of Schools

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

THE PROCESS FOR FACILITATING A TAX CREDIT FOR EMPLOYERS WHO HIRE STUDENTS IN APPROVED WORK-BASED LEARNING PROGRAMS

The following information provides definitions and the process for facilitating a tax credit for employers who hire students in approved work-based learning programs. The tax credit is for taxable years beginning after December 31, 2008. The tax credit is in effect for five years and ends June 30, 2013.

EMPLOYER ELIGIBILITY

An “eligible party” may establish a work-based learning program. An “eligible party” means:

1. An employer;
2. A group of employers;
3. An industry trade association;
4. A labor organization;
5. An operator of a registered apprenticeship program; or
6. Any other entity approved by the Maryland State Department of Education (MSDE) to establish a paid work-based learning program.

STUDENT ELIGIBILITY

Students must meet certain requirements.

1. The student must be at least 16 years old but younger than 23 years, unless the student turns 23 while participating in an approved work-based learning program.
2. The student must be enrolled in a public or private secondary or postsecondary school in the State.

WORK-BASED LEARNING PROGRAM

The process starts with employers and schools.

1. Employers establish a paid work-based learning program for students that is consistent with current Maryland and federal employment of minors laws and is approved by the local school.
2. The work-based learning program provides for approved paid work-based learning arrangements between employers and schools, and provides students with structures employer supervised learning.
3. The work-based learning occurs in the workplace in conformance with established safety standards.
4. The work-based learning integrates with classroom instruction and results in the acquisition of at least one unit of academic credit.

Maryland Public Schools: #1 in the Nation

5. The work-based learning links to each student's career interest.
6. The work-based learning program is consistent with the strategic economic development goals established in the State.

WORK-BASED LEARNING AGREEMENT

Each student and employer must have a work-based learning agreement that:

1. Is written;
2. Includes a description of the knowledge and skills to be developed;
3. Indicates the methodology to be used;
4. States criteria for monitoring, assessing, and credentialing; and
5. Has evidence of approval by appropriate school personnel.

CERTIFICATION PROCESS

The process is as follows:

1. A work-based learning coordinator submits the Work-Based Learning Certification Form, along with the approved work-based learning agreement, to the Local Workforce Investment Board (LWIB).
2. The Local Workforce Investment Board chair, or designee, reviews the documents and determines that the employer meets the definition described in the regulations and that the work-based learning agreement meets the definition as stated in the regulations.
3. The documents are forwarded to MSDE by **one** of three ways. They may be:
 - a. Electronically submitted, with an electronic signature via e-mail to:
wbltaxcredit@msde.state.md.us
 - b. Scanned, using a color scanner, and uploaded to [DocuShare](#). Please refer to the [Certification form instructions](#) for more information; or
 - c. Submitted through the US mail to:
Jeanne-Marie S. Holly, Program Manager
CTE Systems Branch
Division of Career and College Readiness
Maryland State Department of Education
200 West Baltimore Street
Baltimore, Maryland 21201
4. MSDE reviews the forms and authorizes the credit if everything is in order. A notification is e-mailed to the employer with a copy to the LWIB Chair. Notification is also sent to the employer if everything is not in order with specific instructions as to what is needed in order to receive authorization.

WORK-BASED LEARNING CERTIFICATION FORMS

Forms are available on the MSDE website:
<http://msde.state.md.us/wbltc/certification.pdf>

Use only **blue** ink for all required signatures.

Forms must be completely filled out before forwarding to MSDE. This includes the appropriate signature, the cumulative credit claimed in prior years and the work-based learning agreement is attached.

TAX CREDIT CERTIFICATION

Once the Work-Based Learning Certification Form is complete, and the work-based learning form is attached, MSDE certifies that the employer is eligible for the tax credit and notifies the employer. Those employers who request authorization for the tax credit but who are missing information, will also be notified and informed of the missing items in order for approval.

An employer takes the credit by completing Form 500CR and filing it with the State income tax. Only employers authorized for the tax credit are eligible to take the tax credit. The Work-Based Learning Certification Form should be retained for audit purposes and **not** submitted with Form 500 CR.

LIMITATIONS TO THE TAX CREDIT

The following limitations apply to tax credits authorized.

1. The law allows tax credits to be authorized for the taxable years beginning after December 31, 2008. It authorizes tax credits for five years and ends June 30, 2013.
2. The wage credit is equal to 15% of the wages paid to the student during the taxable year for which the work-based learning program was authorized.
3. The credit may not exceed \$1,500 per student during the current and all previous tax years.
4. A student must be employed for at least 200 hours in order for employers to be eligible for the tax credit.
5. MSDE may not authorize more than 1,000 tax credits per year.
6. For tax credits authorized, MSDE should strive to achieve a geographic representation of employers.
7. An employer at a multi-craft construction site may not qualify for the tax credit for more than two students during a taxable year.