

PLEASE NOTE: Legislative Information **cannot** perform research, provide legal advice, or interpret Maine law. For legal assistance, please contact a qualified attorney.

An Act To Provide an Internship Employment Tax Credit

Be it enacted by the People of the State of Maine as follows:

Sec. 1. 36 MRSA §5219-FF is enacted to read:

§ 5219-FF. Internship employment tax credit

1. Definitions. As used in this section, unless the context otherwise indicates, the following terms have the following meanings.

A. "Employer" has the same meaning as "employing unit," as defined in Title 26, section 1043, subsection 10.

B. "Intern" means a student who:

(1) Is enrolled in an institution of higher education or in a vocational or technical education program;

(2) Is enrolled in a program of study that leads to a degree or a certification of completion in a major field of study closely related to the work performed for the employer;

(3) Will receive academic credit toward the completion of a degree or credit toward the completion of a vocational or technical education program for the work performed for the employer; and

(4) Is supervised and evaluated by the employer.

C. "Qualified compensation" means a stipend, hourly wage or salary paid for services rendered in an employment position and excludes payment in a medium other than legal tender, such as meals provided at the employer's expense.

2. Credit allowed. An employer is allowed a credit against the tax imposed by this Part subject to the qualifications in subsection 3 and limitations contained in subsection 4. The amount of the credit to which an employer is entitled is 10% of the qualified compensation paid to an intern employed by the employer.

3. Qualifications. An employer of an intern may claim the credit allowed by this section for a tax year in which the employer employs an intern.

4. Limitations. An employer may not receive more than \$3,000 in total credits for all interns employed under this section for all taxable years combined. The tax credit under this section applies to qualified compensation for not more than 5 interns employed at the same time. The credit may not reduce the tax otherwise due under this Part to less than zero.

Sec. 2. Application. This Act applies to tax years beginning on or after January 1, 2011.

SUMMARY

This bill creates a tax credit for employers that employ qualified interns. The employer is entitled to a nonrefundable credit equal to 10% of the wages, stipend or salary paid to the intern and may not receive more than \$3,000 in total credits for all taxable years combined. The credit applies to the wages, stipend or salary of no more than 5 interns employed at the same time.