will not be available to the taxpayer; limiting the total amount of the credit with respect to qualified first-year wages based upon a certain percentage of the aggregate unemployment insurance wages paid by the employer during a calendar year; decreasing the amount of the deduction for wages paid which is taken by the employer to the extent of the credit taken under this Act; defining those individuals who are in "targeted groups" and whose employment this Act is intended to encourage; limiting the credit that can be taken in any taxable year relative to the taxpayer's income tax liability for that year; restricting the credit to employees who receive more than a certain percent of their pay as compensation for services rendered for a trade or business of the employer; providing for the application of certain provisions of the Internal Revenue Code where that application would result in the reasonable administration of this Act; directing certain officials to apprise employers of the availability of this credit; and generally relating to the allowance of an income tax credit for a taxpayer employing certain persons for a minimum length of time during a taxable year.

May 29, 1979

Honorable Benjamin L. Cardin
Speaker of the House of Delegates
State House
Annapolis, Maryland 21404

Dear Mr. Speaker:

In accordance with Article II, Section 17 of the Maryland Constitution, I have today vetoed House Bill 821.

This bill provides that an employer may take a credit from his Maryland income tax liability based on a percentage of wages paid during the first two years of employment of individuals who belong to certain "targeted" groups, as provided in the Internal Revenue Code.

This State tax credit program would be patterned after the much more extensive Federal Targeted Program, the major difference being the amount of the credits. The maximum savings currently available to an employer under the federal program is $3,000 in the first year and $1,500 in the second, whereas the maximum savings under the proposed State program would be $240 in the first year and $120 in the second year. I am advised and agree that the availability of the relatively small additional State credits would not appear to be a significant incentive for an employer to participate, if he otherwise would not. In effect, the proposed State program would provide tax credits designed only to motivate employers to do that which they would do in any event. In short, we would be purchasing that which we