

MAINE STATE LEGISLATURE

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TAXATION

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STATE OF MAINE
HOUSE OF REPRESENTATIVES
128TH LEGISLATURE
FIRST REGULAR SESSION

COMMITTEE AMENDMENT "A" to H.P. 561, L.D. 781, Bill, "An Act To Support the Trades through a Tax Credit for Apprenticeship Programs"

Amend the bill by striking out everything after the enacting clause and before the summary and inserting the following:

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

§5219-OO. Apprenticeship credit

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

A. "Apprenticeship program" means an apprenticeship program approved by the Department of Labor pursuant to Title 26, chapter 37.

B. "Participating apprentice" means a registered apprentice, pursuant to Title 26, section 3202, participating in an apprenticeship program.

2. Credit allowed. For tax years beginning in 2018 or after, a taxpayer constituting an employing unit that employs a participating apprentice in the taxable year is allowed a credit against taxes imposed under this Part for each participating apprentice employed by the taxpayer during the taxable year.

3. Amount of credit. For an employing unit employing a participating apprentice for at least 2,000 hours during the taxable year, the credit under this section is \$2,500. For an employing unit employing a participating apprentice for fewer than 2,000 hours during the taxable year, the credit is \$2,500 multiplied by a fraction the numerator of which is the number of hours that the participating apprentice worked for the employing unit during the taxable year and the denominator of which is 2,000.

4. Participation statement and apprenticeship program certificates. An employing unit claiming a credit under this section for one or more participating apprentices shall submit with the Maine income tax return for the taxable year a statement indicating the number of hours worked by each participating apprentice during the taxable year for which a credit is claimed under this section. The statement must include

COMMITTEE AMENDMENT

1 employer and participant apprenticeship information and any other information the State
 2 Tax Assessor considers necessary to determine eligibility for the credit under this section.
 3 A pass-through entity, such as a partnership, limited liability company, S corporation or
 4 similar pass-through entity, shall submit the statement required by this subsection directly
 5 to the bureau. The Department of Labor shall provide the bureau with copies of
 6 apprenticeship program certificates of eligibility and any pertinent information that will
 7 assist the State Tax Assessor in determining eligibility for the credit under this section.

8 **Sec. 2. Appropriations and allocations.** The following appropriations and
 9 allocations are made.

10 **ADMINISTRATIVE AND FINANCIAL SERVICES, DEPARTMENT OF**
 11 **Revenue Services, Bureau of 0002**

12 Initiative: Provides one-time funding for programming costs to add a line to the income
 13 tax form.

| | | | |
|----|---------------------------|-----------------|----------------|
| 14 | GENERAL FUND | 2017-18 | 2018-19 |
| 15 | All Other | \$33,000 | \$0 |
| 16 | | | |
| 17 | GENERAL FUND TOTAL | <u>\$33,000</u> | <u>\$0</u> |

| | | | |
|----|-------------------------------------|------------------------|-------------------|
| 18 | ADMINISTRATIVE AND FINANCIAL | | |
| 19 | SERVICES, DEPARTMENT OF | | |
| 20 | DEPARTMENT TOTALS | 2017-18 | 2018-19 |
| 21 | | | |
| 22 | GENERAL FUND | \$33,000 | \$0 |
| 23 | | | |
| 24 | DEPARTMENT TOTAL - ALL FUNDS | <u>\$33,000</u> | <u>\$0</u> |

25 **LABOR, DEPARTMENT OF**

26 **Employment Services Activity 0852**

27 Initiative: Provides funds for one Labor Program Specialist position and one Office
 28 Specialist I position and related All Other costs needed due to an increase in workload as
 29 a result of the tax credit for employers who employ an apprentice participating in an
 30 approved apprenticeship program.

| | | | |
|----|-------------------------------|-------------------------|-------------------------|
| 31 | GENERAL FUND | 2017-18 | 2018-19 |
| 32 | POSITIONS - LEGISLATIVE COUNT | 2,000 | 2,000 |
| 33 | Personal Services | \$112,030 | \$149,373 |
| 34 | All Other | \$19,044 | \$19,044 |
| 35 | | | |
| 36 | GENERAL FUND TOTAL | <u>\$131,074</u> | <u>\$168,417</u> |

| | | | |
|----|-------------------------------------|------------------|------------------|
| 1 | LABOR, DEPARTMENT OF | | |
| 2 | DEPARTMENT TOTALS | 2017-18 | 2018-19 |
| 3 | | | |
| 4 | GENERAL FUND | \$131,074 | \$168,417 |
| 5 | | | |
| 6 | DEPARTMENT TOTAL - ALL FUNDS | \$131,074 | \$168,417 |
| 7 | SECTION TOTALS | 2017-18 | 2018-19 |
| 8 | | | |
| 9 | GENERAL FUND | \$164,074 | \$168,417 |
| 10 | | | |
| 11 | SECTION TOTAL - ALL FUNDS | \$164,074 | \$168,417 |
| 12 | | | |

13 **SUMMARY**

14 This amendment replaces the bill. It permits an employer who employs an apprentice
 15 participating in an approved apprenticeship program to receive a tax credit and
 16 establishes procedures for employing units to be eligible for a partial credit if they
 17 employ a participating apprentice for fewer than 2,000 hours during a calendar year. The
 18 amendment also adds an appropriations and allocations section.

19 **FISCAL NOTE REQUIRED**

20 (See attached)



128th MAINE LEGISLATURE

LD 781

LR 1987(02)

An Act To Support the Trades through a Tax Credit for Apprenticeship Programs

Fiscal Note for Bill as Amended by Committee Amendment *A(CH-414)*

Committee: Taxation

Fiscal Note Required: Yes

Fiscal Note

| | FY 2017-18 | FY 2018-19 | Projections FY 2019-20 | Projections FY 2020-21 |
|-----------------------------------|------------|---------------|---------------------------|---------------------------|
| Net Cost (Savings) | | | | |
| General Fund | \$164,074 | \$2,618,417 | \$2,547,301 | \$2,551,285 |
| Appropriations/Allocations | | | | |
| General Fund | \$164,074 | \$168,417 | \$172,301 | \$176,285 |
| Revenue | | | | |
| General Fund | \$0 | (\$2,450,000) | (\$2,375,000) | (\$2,375,000) |
| Other Special Revenue Funds | \$0 | (\$50,000) | (\$125,000) | (\$125,000) |

Fiscal Detail and Notes

The bill provides an income tax credit for apprenticeship programs and would reduce General Fund revenue by \$2,450,000 in fiscal year 2018-19 and reduce Local Government Fund revenue by \$50,000 in fiscal year 2018-19. The bill includes a General Fund appropriation of \$33,000 to the Department of Administrative and Financial Services in fiscal year 2017-18 for programming costs to add a line to the income tax form.

This bill also includes General Fund appropriations of \$131,074 in fiscal year 2017-18 and \$168,417 in fiscal year 2018-19 to the Employment Services Activity program within the Department of Labor for one Labor Program Specialist position and one Office Specialist I position and related All Other costs needed due to an expected increase in workload as a result of the tax credit for employers who employ an apprentice participating in an approved apprenticeship program.