

2021 Regular Session

HOUSE BILL NO. 676

BY REPRESENTATIVE CARPENTER

TAX CREDITS: Establishes an Apprenticeship Tax Credit Program

1 AN ACT

2 To enact R.S. 47:6033, relative to tax credits; to authorize procedures for granting
3 apprenticeship tax credits against certain taxes to qualifying employers; to provide
4 with respect to the powers and duties of the Department of Revenue, the Board of
5 Regents, the State Board of Elementary and Secondary Education, the Louisiana
6 Workforce Commission, and the Louisiana Community and Technical College
7 System; to provide for the amount of the tax credit; to provide for a postsecondary
8 apprenticeship program; to provide an effective date; to provide a termination date;
9 and to provide for related matters.

10 Be it enacted by the Legislature of Louisiana:

11 Section 1. R.S. 47:6033 is hereby enacted to read as follows:

12 §6033. Apprenticeship tax credits

13 A. Purpose. The legislature hereby determines that a major impediment to
14 the economy of the state is the lack of an adequate number of people in the
15 workforce with sufficient on-the-job training to find and keep good-paying jobs, both
16 those already present and those that would be here if more of the workforce was of
17 higher skill level or experience. Further, the legislature finds that a tax credit that
18 provides an incentive for businesses to employ apprentices will provide a step toward
19 creating and maintaining such a workforce.

1 B. Definitions. As used in this Section, the following words and phrases
2 have the following meanings unless the context clearly indicates otherwise:

3 (1) "BESE" means the State Board of Elementary and Secondary Education.

4 (2) "Department" means the Department of Revenue.

5 (3) "Eligible apprentice" means a person who meets at least one of the
6 following criteria:

7 (a) Has entered into a written apprentice agreement with an employer, or an
8 association of employers, pursuant to a registered apprenticeship program as
9 provided in Chapter 4 of Title 23 of the Louisiana Revised Statutes of 1950.

10 (b) Is enrolled in a training program that is accredited by the National Center
11 for Construction Education and Research and that has no less than four levels of
12 training and no less than five hundred hours of instruction.

13 (c) Is enrolled in a BESE-approved Fast Forward High-Demand
14 Apprenticeship Pathway Program.

15 (d) Is enrolled in a postsecondary apprenticeship program administered
16 through LCTCS for high-demand industries and fields as provided for in Subsection
17 D of this Section.

18 (4) "LCTCS" means the Louisiana Community and Technical College
19 System.

20 (5) "Regents" means the Board of Regents.

21 C. Administration of the Credit. (1) For taxable periods beginning after
22 December 31, 2021, there shall be allowed a non-refundable tax credit against
23 Louisiana income tax or corporation franchise tax for the employment of eligible
24 apprentices as provided in this Section.

25 (2) For each eligible apprentice that works for an employer for a minimum
26 of two hundred fifty hours during the taxable period, the employer shall be eligible
27 for a credit equal to one dollar and twenty-five cents per hour of the eligible
28 apprentice's work, for a maximum credit of one thousand two hundred fifty dollars
29 per eligible apprentice.

1 (3) The total amount of tax credits granted by the department in any calendar
2 year shall not exceed twelve million five hundred thousand dollars. The department
3 shall establish by rule the method of allocating available tax credits to employers,
4 including but not limited to a first-come, first-served system; reservation of tax
5 credits for a specific time; or other method that the department, in its discretion, may
6 find beneficial to the program. If the department does not grant the entire twelve
7 million five hundred thousand dollars in tax credits in any calendar year, the amount
8 of residual unused tax credits shall carry forward to subsequent calendar years and
9 may be granted in any year without regard to the twelve million five hundred
10 thousand dollar per year limitation.

11 (4) The department in consultation with the Louisiana Workforce
12 Commission, BESE, LCTCS, and Regents shall establish by rule the procedures
13 sufficient to determine the employer's eligibility for the credit.

14 (5) The Louisiana Workforce Commission, BESE, and LCTCS shall
15 annually provide to the department a list of businesses that participate in the
16 apprenticeship programs administered by each respective agency.

17 (6) The department shall determine the enrollment and transcript data
18 required from the National Center for Construction Education and Research for
19 students enrolled in one of its accredited training programs that is sufficient for the
20 department to determine the employer's eligibility for the credit authorized by this
21 Section. However, no credit may be awarded for an eligible apprentice enrolled in
22 a training program that is accredited by the National Center for Construction
23 Education and Research unless the eligible apprentice has successfully completed at
24 least two levels of training and at least two hundred fifty hours of instruction.

25 (7) The employers eligible to earn credits pursuant to the BESE Fast
26 Forward High-Demand Apprenticeship Pathways may be based upon regional,
27 school district, or industry specific needs.

28 D. Postsecondary Apprenticeship Program. (1) The Board of Regents shall
29 establish an advisory council to identify apprenticeship programs for high-demand

1 industries and fields to be administered through LCTCS. The identified
2 apprenticeship programs shall be known as "postsecondary apprenticeship
3 programs".

4 (2) The advisory council shall be comprised of the following members or
5 their designees:

6 (a) The president of LCTCS.

7 (b) The commissioner of higher education.

8 (c) The state superintendent of education.

9 (d) The secretary of the Department of Economic Development.

10 (e) The secretary of the Louisiana Workforce Commission.

11 (f) The chairman of the Louisiana Workforce Investment Council.

12 (g) The secretary of the department.

13 (3) By September 30, 2021, and at least once every three years thereafter, the
14 advisory council shall review the workforce priorities of the state and each of its
15 workforce regions and designate postsecondary apprenticeship programs to be
16 administered by LCTCS.

17 (4) The process for selecting postsecondary apprenticeship programs by the
18 advisory council shall include:

19 (a) The identification of not more than five industry sectors that are
20 predominated by high-demand, high-wage jobs that are aligned to workforce
21 priorities of the state and each of its workforce regions and identification of
22 high-demand, high-wage jobs in each of the sectors.

23 (b) A review of the postsecondary education requirements of each job
24 identified pursuant to Subparagraph (a) of this Paragraph:

25 (c) A review of the public postsecondary education programs, at the
26 associate degree level or below, that offer credentials and degrees that are aligned
27 to the identified jobs in each industry sector.

1 (5) Identification of industry sectors; high-demand, high-wage jobs; and the
2 designation of postsecondary apprenticeship programs shall, at a minimum, be based
3 upon the following:

4 (a) A review of the most current statewide and regional industry and
5 occupational forecasts as approved by the Occupational Forecasting Conference and
6 the Louisiana Workforce Investment Council.

7 (b) A review of nationally recognized databases for industry and
8 occupational projections.

9 (c) Input from the regional economic development organization in each
10 region.

11 E. Application of the Credit.

12 (1)(a) The credit shall be allowed against the income or corporate franchise
13 tax due from a taxpayer for the taxable period in which the credit is earned. If the tax
14 credit allowed pursuant to this Section exceeds the amount of such taxes due from
15 a taxpayer, then the taxpayer may carry forward as a credit any unused portion to be
16 applied against subsequent tax liability for a period not to exceed five years.
17 However, in no event shall the amount of the tax credit applied by a taxpayer in a
18 taxable period exceed the amount of such taxes due from the taxpayer for that
19 taxable period.

20 (b) All entities taxed as corporations for Louisiana income tax purposes shall
21 claim any credit on their corporation income and franchise tax return.

22 (c) Individuals, estates, and trusts shall claim any credit on their income tax
23 return.

24 (d) Entities not taxed as corporations shall claim their share of any credit on
25 the returns of the partners or members as follows:

26 (i) Corporate partners or members shall claim their share of any credit on
27 their corporation income tax returns.

28 (ii) Individual partners or members shall claim their share of any credit on
29 their individual income tax returns.

1 (iii) Partners or members that are estates or trusts shall claim their share of
2 any credit on their fiduciary income tax returns.

3 F. Recovery of credits by Department of Revenue. (1) Credits previously
4 granted to a taxpayer, but later disallowed, may be recovered by the secretary of the
5 department through any collection remedy authorized pursuant to R.S. 47:1561. Such
6 action shall be initiated within three years from December thirty-first of the year in
7 which the credits were earned.

8 (2) The only interest that may be assessed and collected on recovered credits
9 is interest at a rate of three percentage points above the rate provided in R.S.
10 9:3500(B)(1), which shall be computed from the original due date of the return on
11 which the credit was taken.

12 (3) The provisions of this Subsection are in addition to and shall not limit the
13 authority of the secretary of the department to assess or to collect under any other
14 provision of law.

15 G. The department may promulgate rules in accordance with the
16 Administrative Procedure Act to establish the policies and criteria regarding program
17 eligibility and any other matter necessary to carry out the intent and purposes of this
18 Section.

19 H. No credit shall be granted pursuant to this Section after June 30, 2028.

20 Section 2. The provisions of this Act shall apply to the employment on and after
21 January 1, 2022, of eligible apprentices, as defined in this Act.

22 Section 3. This Act shall become effective upon signature by the governor or, if not
23 signed by the governor, upon expiration of the time for bills to become law without signature
24 by the governor, as provided by Article III, Section 18 of the Constitution of Louisiana. If
25 vetoed by the governor and subsequently approved by the legislature, this Act shall become
26 effective on the day following such approval.

DIGEST

The digest printed below was prepared by House Legislative Services. It constitutes no part of the legislative instrument. The keyword, one-liner, abstract, and digest do not constitute part of the law or proof or indicia of legislative intent. [R.S. 1:13(B) and 24:177(E)]

HB 676 Original

2021 Regular Session

Carpenter

Abstract: Establishes the Apprenticeship Tax Credit Program and provides for administration of and eligibility for the program

Proposed law establishes a tax credit for employers who employ "eligible apprentices". Defines "eligible apprentice" as a person who meets at least one of the following criteria:

- (1) Has entered into a written apprenticeship agreement with an employer pursuant to a registered apprenticeship program as provided in present law (R.S. 23:381 et seq.).
- (2) Is enrolled in a training program that is accredited by the National Center for Construction Education and Research and that has no less than four levels of training and no less than 500 hours of instruction.
- (3) Is enrolled in a State Board of Elementary and Secondary Education (BESE) approved Fast Forward High-Demand Apprenticeship Pathway Program.
- (4) Is enrolled in a postsecondary apprenticeship program administered through the La. Community and Technical College System (LCTCS) as provided in proposed law.

Tax Credit

Proposed law provides that the credit applies for taxable years beginning after Dec. 31, 2021, and that any credit provided pursuant to proposed law shall be non-refundable. Requires the credit to be taken against La. income tax or corporate franchise tax.

Proposed law provides that credit is earned for each eligible apprentice who works a minimum of 250 hours during the taxable period and is calculated at \$1.25 per hour that the eligible apprentice works. Caps the maximum allowable credit per eligible apprentice at \$1,250 per year. Further provides that no credit may be awarded for an eligible apprentice enrolled in a training program accredited by the National Center for Construction Education and Research, unless the student has successfully completed at least two levels of training and 250 hours of instruction.

Proposed law caps the maximum amount of tax credits that may be granted in a given year at \$12.5 million. Requires the Dept. of Revenue to promulgate rules providing for allocation of available tax credits. Further provides that if all credits are not granted in any calendar year, the unused portion will carry forward to subsequent calendar years and may be awarded without regard to the \$12.5 million cap otherwise provided in proposed law.

Requires the Dept. of Revenue by rule—in consultation with the La. Workforce Commission, BESE, LCTCS, and the Board of Regents—to establish procedures for determining an employer's eligibility for a credit pursuant to proposed law. Further requires the La. Workforce Commission, BESE, and LCTCS to annually provide to the Dept. of Revenue a list of businesses that participate in the apprenticeship programs administered by each respective agency.

Proposed law provides that if the tax credit earned for the taxable period exceeds the amount of taxes due, then the taxpayer may carry forward as a credit the unused portion for up to five years.

Requires all entities taxed as corporations to claim the credit authorized pursuant to proposed law on their corporation income and franchise tax return. Individuals, estates, and trusts are required to claim the credit on their income tax returns. Further outlines requirements for claiming the credit by business entities that are not taxed as corporations.

Provides that if a credit is later disallowed, the Dept. of Revenue may initiate a collection action against the taxpayer. Requires any such action to be initiated within three years from the end of the calendar year in which the credit was earned. Limits the interest rate that may be assessed on such collections to a rate equal to the rate of judicial interest provided in present law plus three percent.

Authorizes the Dept. of Revenue to promulgate rules in accordance with the Administrative Procedure Act to execute proposed law.

Proposed law sunsets after June 30, 2028.

LCTCS Apprenticeship Program

Proposed law requires the Board of Regents to establish an advisory council (council) to identify apprenticeship programs for high-demand industries and fields. Requires LCTCS to administer the council.

Provides that the council shall be composed of the following members or their designees:

- (1) The president of LCTCS.
- (2) The commissioner of higher education.
- (3) The state superintendent of education.
- (4) The secretary of the La. Dept. of Economic Development.
- (5) The secretary of the La. Workforce Commission.
- (6) The chairman of the La. Workforce Investment Council.
- (7) The secretary of the La. Dept. of Revenue.

Requires the council to review the workforce priorities of the state and each of its workforce regions and designate postsecondary apprenticeship programs to be administered by LCTCS. Requires the first review by Sept. 30, 2021, and at least once every three years thereafter.

Proposed law establishes requirements for the council to meet in selecting a postsecondary apprenticeship program. The process includes:

- (1) Identification of a maximum of five industry sectors that are predominantly composed of high-demand, high-wage jobs that are aligned to workforce priorities of the state and each of its workforce regions and to identify high-demand, high-wage jobs in each of those sectors.
- (2) Review the postsecondary education requirements of each job identified.
- (3) Review the public postsecondary education programs at the associate degree level or below that offer credentials and degrees that are aligned to the identified jobs in each industry sector.

Further provides requirements for the identification of industry sectors; high-demand, high-wage jobs; and the designation of postsecondary apprenticeship programs:

- (1) Review of the most current statewide and regional industry and occupational forecasts as approved by the Occupational Forecasting Conference and the La. Workforce Investment Council.
- (2) Review of nationally recognized databases for industry and occupational projections.
- (3) Input from the regional economic development organization in each region.

Provides that proposed law shall apply to the employment of eligible apprentices, as defined in proposed law, on and after Jan. 1, 2022.

Effective upon signature of governor or lapse of time for gubernatorial action.

(Adds R.S. 47:6033)