



LEGISLATIVE FISCAL OFFICE
Fiscal Note

Fiscal Note On: **HB 533** HLS 25RS 740
Bill Text Version: **REENGROSSED**
Opp. Chamb. Action: **w/ SEN COMM AMD**
Proposed Amd.:
Sub. Bill For.:

Date: June 3, 2025	1:55 PM	Author: CARVER
Dept./Agy.: Department of Revenue / LA Workforce Commission		Analyst: Noah O'Dell
Subject: Income Tax Credit: Apprentices/Interns/Youth		

TAX CREDITS RE1 -\$1,136,500 GF RV See Note Page 1 of 1
Establishes the Work-Based Learning Tax Credit for employment of apprentices, interns, and youth workers

Current law authorizes a nonrefundable tax credit to taxpayers who hire eligible youth equal to \$1,250 for full-time jobs or \$750 for part-time jobs; aggregate credits are limited to \$5M per calendar year (Youth Jobs Tax Credit); the program sunsets in tax year 2025. Current law authorizes a nonrefundable tax credit to taxpayers who hire eligible apprentices equal to \$1.25 per hour, limited to \$1,250 per apprentice per year (Apprenticeship Tax Credit); aggregate credits are limited to \$2.5M per calendar year; the program sunsets in tax year 2028. Current law defines “apprentice.” Proposed law appears to combine the Youth Jobs Tax Credit and Apprenticeship Tax Credit into a new Work-based Learning Tax Credit with similar but expanded eligibility restrictions (now inclusive of interns and redefined apprentices). The credit is nonrefundable and applicable to businesses who hire apprentices, interns, or certain eligible youth for a minimum of 100 hours in an amount equal to \$2.50 per hour or \$2,500 per worker, whichever is less. Aggregate credits are limited to \$1M in tax year 2026, with the possibility of the cap increasing by \$1M annually (up to \$7.5M) provided credit utilization exceeds 80%. A carryforward of 5 years is provided and stacking of incentives is prohibited. Beginning Jan. 1, 2027, taxpayers must submit applications to LDR to be eligible for the credit. Eff. Jan. 1, 2026.

EXPENDITURES	2025-26	2026-27	2027-28	2028-29	2029-30	5 -YEAR TOTAL
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	\$0
Agy. Self-Gen.	\$0	\$178,317	\$96,116	\$99,000	\$101,970	\$475,403
Ded./Other	\$0	\$0	\$0	\$0	\$0	\$0
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	\$0	\$0	\$0	\$0	\$0	\$0
Annual Total	\$0	\$178,317	\$96,116	\$99,000	\$101,970	\$475,403

REVENUES	2025-26	2026-27	2027-28	2028-29	2029-30	5 -YEAR TOTAL
State Gen. Fd.	\$0	(\$600,000)	(\$1,136,500)	(\$1,136,500)	(\$1,136,500)	(\$4,009,500)
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	\$0	\$0	\$0	\$0	\$0	\$0
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	\$0	\$0	\$0	\$0	\$0	\$0
Annual Total	\$0	(\$600,000)	(\$1,136,500)	(\$1,136,500)	(\$1,136,500)	(\$4,009,500)

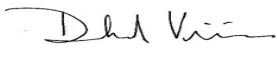
EXPENDITURE EXPLANATION
With expanded eligibility criteria, the bill is anticipated to increase \$178,317 SGR and one (1) T.O. in the Department of Revenue (LDR) in FY27. One time costs of \$85,000 are expected in FY27 related to computer system development and return modifications. LDR reports one Revenue Tax Specialist 1 with a salary and related benefits of \$93,317 will be necessary beginning in FY27 to review and process applications for taxpayers seeking to claim the proposed credit. The department reports the ability to absorb this amount within its current budget but may require additional resources if the aggregate impact of all bills enacted during this session is substantive. LDR will also presumably be responsible for accounting and reporting the aggregate credits that are available each year.

REVENUE EXPLANATION
The bill appears to combine the Apprenticeship Tax Credit and Youth Jobs Tax Credit into a new Work-based Learning Tax Credit with similar but expanded eligibility restrictions (now inclusive of interns and redefined apprentices) and imposes a \$1M cap on credits claimed in tax year 2026. The two existing credit programs were set to sunset in 2025 and 2028 respectively, while the new program sunsets in 2031. The new credit is nonrefundable and worth \$2.50 per hour, up to \$2,500, per hired apprentice, intern, or eligible youth per year.

LFO estimates the new credit is likely to reach the \$1M cap in FY27. Given that Tax Exemption Budget (TEB) data indicates revenue loss of \$400,000 associated with existing credits, **the bill is anticipated to decrease SGF revenue by \$600,000 in FY27 and \$1.14M each year thereafter.** In subsequent years, the cap may increase by \$1M (until \$7.5M) if credits claimed are 80% of the previous year’s cap, which **may increase exposure to the state fisc by an additional \$1M each fiscal year**, should programmatic activity pickup. Factors that contribute to potential revenue loss:

- The bill provides the option for a competency-based or hybrid program model to the definition of apprentice that may be utilized by employers in lieu of the 2,000 hours of continuous employment requirement in current law. LWC reports approximately 10% of registered apprenticeships in the state are competency-based or hybrid. Given the TEB data on the Apprenticeship tax credit indicates revenue loss of approximately \$365,000, the change in the definition of apprentice can be reasonably estimated to increase SGF revenue loss by \$36,500.
- Data from the Department of Revenue’s TEB indicates revenue loss associated with the Apprenticeship Credit and the Youth Jobs Credit collectively were approximately \$400,000 in FY24. The bill allows for double the maximum dollar amount of credits that may be awarded per worker, when compared to existing programs, which may be reasonably estimated to double the tax revenue loss (about \$400,000).
- The bill provides a credit for interns, defined as student learner who participates in a work-based learning program authorized and regulated by the Department of Education (DOE) relative to on-the-job training and related instruction. The Workforce Training Incentive Report published by DOE in Feb. 2024 indicates enrollment in internship courses was 2,143 in the 2022-23 school year and further proposes a goal of 2,500 students in future years. Per rules for the DOE program, students are required to obtain a minimum 106.2 hours of paid on-the-job training. If 2,500 students are hired for at least 110 hrs, this would result in revenue loss of roughly \$700,000 each FY.

* A portion of the SGF impact may originate as the LDR retention of 1% of income collections initially classified as SGR but ultimately reverted to the SGF for use in the budget. Should LDR reversions cease, this could become an SGR impact.

<u>Senate</u>	<u>Dual Referral Rules</u>	<u>House</u>	
<input checked="" type="checkbox"/> 13.5.1 >= \$100,000 Annual Fiscal Cost {S & H}		<input checked="" type="checkbox"/> 6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S}	
<input checked="" type="checkbox"/> 13.5.2 >= \$500,000 Annual Tax or Fee Change {S & H}		<input type="checkbox"/> 6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S}	Deborah Vivien Chief Economist