

**COMMONWEALTH OF KENTUCKY STATE FISCAL NOTE STATEMENT
LEGISLATIVE RESEARCH COMMISSION
2015 REGULAR SESSION
REVISED 02/19/15**

MEASURE

2015 BR NUMBER 1370

HOUSE BILL NUMBER 347

RESOLUTION NUMBER _____

AMENDMENT NUMBER _____

SUBJECT/TITLE **An ACT relating to apprenticeships.**

SPONSOR **Representative Clark**

NOTE SUMMARY

FISCAL ANALYSIS: IMPACT NO IMPACT INDETERMINABLE IMPACT

LEVEL(S) OF IMPACT: STATE LOCAL FEDERAL

BUDGET UNIT(S) IMPACT: _____

FUND(S) IMPACT: GENERAL ROAD FEDERAL RESTRICTED AGENCY _____ OTHER

FISCAL SUMMARY

FISCAL ESTIMATES	2014-2015	2015-2016	ANNUAL IMPACT AT FULL IMPLEMENTATION
REVENUES		(\$800,000)	(\$1,600,000)
EXPENDITURES			
NET EFFECT		(\$800,000)	(\$1,600,000)

() indicates a decrease/negative

MEASURE’S PURPOSE: The purpose of the proposal is to establish the small business apprenticeship income tax credit.

PROVISIONS/MECHANICS: The proposal will create a new section of KRS Chapter 141 to allow a \$1,000 tax credit for each apprentice employed in Kentucky by a small business. A small business is defined as any entity that has 250 or fewer full-time employees.

The apprenticeship program must have a period of duration which is not less than 2 years but not more than 5 years, complete a provisional period of 1 year with the Department of Workplace Standards, and be designated as a permanent program before the small business may claim any credit related to the apprenticeship program. The apprentice must complete the probationary period established in the apprenticeship agreement. The small business may claim the credit for no more than 4 years for each individual apprentice employed. If the small business is unable to utilize any amount of the credit during a taxable year, the credit may be carried forward for use in a succeeding taxable year for a period not to exceed 4 years.

FISCAL EXPLANATION: The February 2015 Department of Labor records indicate that there are currently 129 apprenticeship programs with 2,498 apprentices registered in the Commonwealth.

Approximately 935 of those apprentices have been in their respective programs for less than one year and do not yet qualify as apprentices under the tax credit program. The number of new apprentices which would not qualify in future years is expected to remain similar to this number.

Today, approximately 1,565 apprentices would be eligible under the tax credit program. If HB 347 is enacted and becomes effective during June 2015, approximately one-half of the credit would apply in fiscal year 2015-2016 on a pro-rata basis.

Approximately 85% of the apprentices that would be eligible under the tax credit program are in the construction industry . Some of these construction employers will not be eligible as the apprentices work for multiple employers during the year and will not meet the eligibility requirements. The Department of Labor does not track the hours related to each apprenticeship program. Therefore, the negative fiscal impact at full implementation is the maximum amount which may be experienced.

DATA SOURCE(S): LRC Staff, Department of Labor

PREPARER: Jennifer Hays **NOTE NUMBER:** 20 **REVIEW:** GMR **DATE:** 2/19/2015

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