

1 AN ACT relating to apprenticeships.

2 *Be it enacted by the General Assembly of the Commonwealth of Kentucky:*

3 ➔SECTION 1. A NEW SECTION OF KRS CHAPTER 141 IS CREATED TO  
4 READ AS FOLLOWS:

5 *(1) The General Assembly finds and declares that a small business apprenticeship*  
6 *tax credit shall be available to encourage the development of skilled workers*  
7 *through registered apprenticeship training programs in order to counter the*  
8 *current and projected shortage of skilled workers which exists in Kentucky.*

9 *(2) As used in this section:*

10 *(a) "Apprentice" has the same meaning as in Section 5 of this Act;*

11 *(b) "Apprenticeship agreement" has the same meaning as in Section 5 of this*  
12 *Act;*

13 *(c) "Apprenticeship program" has the same meaning as in Section 5 of this*  
14 *Act;*

15 *(d) "Full-time employee" means a person employed by a small business for a*  
16 *minimum of thirty-five (35) hours per week; and*

17 *(e) "Small business" means any business entity organized for profit, including*  
18 *a sole proprietorship, partnership, limited partnership, corporation, limited*  
19 *liability company, joint venture, association, or cooperative, that has two*  
20 *hundred fifty (250) or fewer full-time employees.*

21 *(3) For taxable years beginning on or after January 1, 2019, but before January 1,*  
22 *2023, a small business that employs an apprentice, who works in Kentucky and*  
23 *has an approved apprenticeship agreement pursuant to KRS 343.060, shall be*  
24 *allowed a nonrefundable small business apprenticeship tax credit against the tax*  
25 *imposed by KRS 141.020 or 141.040 and 141.0401, with the ordering of credits as*  
26 *provided in Section 2 of this Act.*

27 *(4) (a) The small business apprenticeship tax credit shall be an amount up to one*

1 thousand dollars (\$1,000) for each apprentice employed, provided that:

2 1. The small business may claim the credit for no more than four (4)  
3 years for each individual apprentice employed;

4 2. The apprenticeship program sponsored by the small business has  
5 completed an apprenticeship program provisional period of one (1)  
6 year with the Department of Workplace Standards and has been  
7 designated as a permanent program;

8 3. The apprenticeship program has a period of duration which is not less  
9 than four thousand (4,000) hours, which is two (2) years, and not  
10 more than ten thousand (10,000) hours, which is five (5) years;

11 4. The apprentice has completed the probationary period established in  
12 the apprenticeship agreement and is employed for at least one  
13 hundred twenty (120) hours per month; and

14 5. The apprentice is not a preapprentice.

15 (b) 1. The small business apprenticeship tax credit shall be computed  
16 annually on a calendar year basis.

17 2. If the small business employs an apprentice for less than the full  
18 calendar year, the small business may claim the credit on a pro rata  
19 monthly basis beginning on the first day of the first full month that  
20 the apprentice is employed.

21 3. A small business filing on a fiscal year basis shall claim the credit  
22 within the fiscal year encompassing the calendar year end.

23 (c) If the small business is a pass-through entity not subject to the tax under  
24 KRS 141.040, the amount of approved credit shall be applied against the tax  
25 imposed by KRS 141.0401 at the entity level, and shall also be distributed to  
26 each partner, member, or shareholder based on the partner's, member's, or  
27 shareholder's distributive share of the income of the pass-through entity.

1 (d) Any amount of credit that a small business is unable to utilize during a  
2 taxable year may be carried forward for use in a succeeding taxable year for  
3 a period not to exceed four (4) taxable years. Any amount of credit not used  
4 within four (4) taxable years shall not be used. No amount of credit may be  
5 carried back to a preceding taxable year.

6 (5) The department shall:

7 (a) Prescribe a form upon which a small business may claim the tax credit  
8 provided in subsection (3) of this section and instructions for filing the form  
9 with the small business's tax return;

10 (b) Provide the Department of Workplace Standards:

11 1. Copies of the tax credit form and instructions to inform a small  
12 business about the tax credit; and

13 2. An annual report detailing the amount of tax credit taken for each  
14 calendar year; and

15 (c) Provide the following information to the Interim Joint Committee on  
16 Appropriations and Revenue no later than November 15, 2020, and on or  
17 before each November 15 annually thereafter as long as the credit is  
18 claimed on any return filed:

19 1. The number of tax returns, by type tax, claiming the credit for each  
20 taxable year;

21 2. The total amount of credits claimed for each taxable year;

22 3. The cumulative number of apprentices hired for each taxable year;

23 4. The cumulative total of credit claimed by county, based on the work  
24 location for the apprentice hired, for each taxable year; and

25 5. a. In the case of a taxpayer other than a corporation, based on  
26 ranges of adjusted gross income of no larger than five thousand  
27 dollars (\$5,000), the total amount of credits claimed for each

1                                    *adjusted gross income range for each taxable year; and*  
2                                    *b. In the case of corporations, based on ranges of net income of no*  
3                                    *larger than fifty thousand dollars (\$50,000), the total amount of*  
4                                    *credits claimed for each net income range for each taxable year.*

5                    ➔Section 2. KRS 141.0205 is amended to read as follows:

6                    If a taxpayer is entitled to more than one (1) of the tax credits allowed against the tax  
7                    imposed by KRS 141.020, 141.040, and 141.0401, the priority of application and use of  
8                    the credits shall be determined as follows:

9                    (1) The nonrefundable business incentive credits against the tax imposed by KRS  
10                    141.020 shall be taken in the following order:

- 11                    (a) The limited liability entity tax credit permitted by KRS 141.0401;
- 12                    (b) The economic development credits computed under KRS 141.347, 141.381,  
13                    141.384, 141.400, 141.401, 141.403, 141.407, 141.415, 154.12-207, and  
14                    154.12-2088;
- 15                    (c) The qualified farming operation credit permitted by KRS 141.412;
- 16                    (d) The certified rehabilitation credit permitted by KRS 171.397(1)(a);
- 17                    (e) The health insurance credit permitted by KRS 141.062;
- 18                    (f) The tax paid to other states credit permitted by KRS 141.070;
- 19                    (g) The credit for hiring the unemployed permitted by KRS 141.065;
- 20                    (h) The recycling or composting equipment credit permitted by KRS 141.390;
- 21                    (i) The tax credit for cash contributions in investment funds permitted by KRS  
22                    154.20-263 in effect prior to July 15, 2002, and the credit permitted by KRS  
23                    154.20-258;
- 24                    (j) The research facilities credit permitted by KRS 141.395;
- 25                    (k) The employer High School Equivalency Diploma program incentive credit  
26                    permitted under KRS 164.0062;
- 27                    (l) The voluntary environmental remediation credit permitted by KRS 141.418;

- 1 (m) The biodiesel and renewable diesel credit permitted by KRS 141.423;
- 2 (n) The clean coal incentive credit permitted by KRS 141.428;
- 3 (o) The ethanol credit permitted by KRS 141.4242;
- 4 (p) The cellulosic ethanol credit permitted by KRS 141.4244;
- 5 (q) The energy efficiency credits permitted by KRS 141.436;
- 6 (r) The railroad maintenance and improvement credit permitted by KRS 141.385;
- 7 (s) The Endow Kentucky credit permitted by KRS 141.438;
- 8 (t) The New Markets Development Program credit permitted by KRS 141.434;
- 9 (u) The distilled spirits credit permitted by KRS 141.389;
- 10 (v) The angel investor credit permitted by KRS 141.396;
- 11 (w) The film industry credit permitted by KRS 141.383 for applications approved
- 12 on or after April 27, 2018;~~and~~
- 13 (x) The inventory credit permitted by KRS 141.408; ***and***
- 14 ***(y) The apprenticeship program credit permitted by Section 1 of this Act.***
- 15 (2) After the application of the nonrefundable credits in subsection (1) of this section,
- 16 the nonrefundable personal tax credits against the tax imposed by KRS 141.020
- 17 shall be taken in the following order:
- 18 (a) The individual credits permitted by KRS 141.020(3);
- 19 (b) The credit permitted by KRS 141.066;
- 20 (c) The tuition credit permitted by KRS 141.069; and
- 21 (d) The household and dependent care credit permitted by KRS 141.067.
- 22 (3) After the application of the nonrefundable credits provided for in subsection (2) of
- 23 this section, the refundable credits against the tax imposed by KRS 141.020 shall be
- 24 taken in the following order:
- 25 (a) The individual withholding tax credit permitted by KRS 141.350;
- 26 (b) The individual estimated tax payment credit permitted by KRS 141.305;
- 27 (c) The certified rehabilitation credit permitted by KRS 171.3961 and

- 1           171.397(1)(b); and
- 2           (d) The film industry tax credit permitted by KRS 141.383 for applications
- 3           approved prior to April 27, 2018.
- 4           (4) The nonrefundable credit permitted by KRS 141.0401 shall be applied against the
- 5           tax imposed by KRS 141.040.
- 6           (5) The following nonrefundable credits shall be applied against the sum of the tax
- 7           imposed by KRS 141.040 after subtracting the credit provided for in subsection (4)
- 8           of this section, and the tax imposed by KRS 141.0401 in the following order:
- 9           (a) The economic development credits computed under KRS 141.347, 141.381,
- 10           141.384, 141.400, 141.401, 141.403, 141.407, 141.415, 154.12-207, and
- 11           154.12-2088;
- 12           (b) The qualified farming operation credit permitted by KRS 141.412;
- 13           (c) The certified rehabilitation credit permitted by KRS 171.397(1)(a);
- 14           (d) The health insurance credit permitted by KRS 141.062;
- 15           (e) The unemployment credit permitted by KRS 141.065;
- 16           (f) The recycling or composting equipment credit permitted by KRS 141.390;
- 17           (g) The coal conversion credit permitted by KRS 141.041;
- 18           (h) The enterprise zone credit permitted by KRS 154.45-090, for taxable periods
- 19           ending prior to January 1, 2008;
- 20           (i) The tax credit for cash contributions to investment funds permitted by KRS
- 21           154.20-263 in effect prior to July 15, 2002, and the credit permitted by KRS
- 22           154.20-258;
- 23           (j) The research facilities credit permitted by KRS 141.395;
- 24           (k) The employer High School Equivalency Diploma program incentive credit
- 25           permitted by KRS 164.0062;
- 26           (l) The voluntary environmental remediation credit permitted by KRS 141.418;
- 27           (m) The biodiesel and renewable diesel credit permitted by KRS 141.423;

- 1 (n) The clean coal incentive credit permitted by KRS 141.428;
- 2 (o) The ethanol credit permitted by KRS 141.4242;
- 3 (p) The cellulosic ethanol credit permitted by KRS 141.4244;
- 4 (q) The energy efficiency credits permitted by KRS 141.436;
- 5 (r) The ENERGY STAR home or ENERGY STAR manufactured home credit
- 6 permitted by KRS 141.437;
- 7 (s) The railroad maintenance and improvement credit permitted by KRS 141.385;
- 8 (t) The railroad expansion credit permitted by KRS 141.386;
- 9 (u) The Endow Kentucky credit permitted by KRS 141.438;
- 10 (v) The New Markets Development Program credit permitted by KRS 141.434;
- 11 (w) The distilled spirits credit permitted by KRS 141.389;
- 12 (x) The film industry credit permitted by KRS 141.383 for applications approved
- 13 on or after April 27, 2018;~~and~~
- 14 (y) The inventory credit permitted by KRS 141.408; ***and***
- 15 ***(z) The apprenticeship program credit permitted by Section 1 of this Act.***
- 16 (6) After the application of the nonrefundable credits in subsection (5) of this section,
- 17 the refundable credits shall be taken in the following order:
- 18 (a) The corporation estimated tax payment credit permitted by KRS 141.044;
- 19 (b) The certified rehabilitation credit permitted by KRS 171.3961 and
- 20 171.397(1)(b); and
- 21 (c) The film industry tax credit permitted by KRS 141.383 for applications
- 22 approved prior to April 27, 2018.

23 ➔Section 3. KRS 131.190 is amended to read as follows:

- 24 (1) No present or former commissioner or employee of the department, present or
- 25 former member of a county board of assessment appeals, present or former property
- 26 valuation administrator or employee, present or former secretary or employee of the
- 27 Finance and Administration Cabinet, former secretary or employee of the Revenue

1 Cabinet, or any other person, shall intentionally and without authorization inspect or  
2 divulge any information acquired by him of the affairs of any person, or information  
3 regarding the tax schedules, returns, or reports required to be filed with the  
4 department or other proper officer, or any information produced by a hearing or  
5 investigation, insofar as the information may have to do with the affairs of the  
6 person's business.

- 7 (2) The prohibition established by subsection (1) of this section shall not extend to:
- 8 (a) Information required in prosecutions for making false reports or returns of  
9 property for taxation, or any other infraction of the tax laws;
  - 10 (b) Any matter properly entered upon any assessment record, or in any way made  
11 a matter of public record;
  - 12 (c) Furnishing any taxpayer or his properly authorized agent with information  
13 respecting his own return;
  - 14 (d) Testimony provided by the commissioner or any employee of the department  
15 in any court, or the introduction as evidence of returns or reports filed with the  
16 department, in an action for violation of state or federal tax laws or in any  
17 action challenging state or federal tax laws;
  - 18 (e) Providing an owner of unmined coal, oil or gas reserves, and other mineral or  
19 energy resources assessed under KRS 132.820, or owners of surface land  
20 under which the unmined minerals lie, factual information about the owner's  
21 property derived from third-party returns filed for that owner's property, under  
22 the provisions of KRS 132.820, that is used to determine the owner's  
23 assessment. This information shall be provided to the owner on a confidential  
24 basis, and the owner shall be subject to the penalties provided in KRS  
25 131.990(2). The third-party filer shall be given prior notice of any disclosure  
26 of information to the owner that was provided by the third-party filer;
  - 27 (f) Providing to a third-party purchaser pursuant to an order entered in a



- 1 foreclosure action filed in a court of competent jurisdiction, factual  
2 information related to the owner or lessee of coal, oil, gas reserves, or any  
3 other mineral resources assessed under KRS 132.820. The department may  
4 promulgate an administrative regulation establishing a fee schedule for the  
5 provision of the information described in this paragraph. Any fee imposed  
6 shall not exceed the greater of the actual cost of providing the information or  
7 ten dollars (\$10);
- 8 (g) Providing information to a licensing agency, the Transportation Cabinet, or  
9 the Kentucky Supreme Court under KRS 131.1817;
- 10 (h) Statistics of gasoline and special fuels gallonage reported to the department  
11 under KRS 138.210 to 138.448;
- 12 (i) Providing any utility gross receipts license tax return information that is  
13 necessary to administer the provisions of KRS 160.613 to 160.617 to  
14 applicable school districts on a confidential basis; or
- 15 (j) Providing information to the Legislative Research Commission under:
- 16 1. KRS 139.519 for purposes of the sales and use tax refund on building  
17 materials used for disaster recovery;
- 18 2. KRS 141.436 for purposes of the energy efficiency products credits;
- 19 3. KRS 141.437 for purposes of the ENERGY STAR home and the  
20 ENERGY STAR manufactured home credits;
- 21 4. KRS 148.544 for purposes of the film industry incentives;
- 22 5. KRS 154.26-095 for purposes of the Kentucky industrial revitalization  
23 tax credits and the job assessment fees;
- 24 6. KRS 141.068 for purposes of the Kentucky investment fund;
- 25 7. KRS 141.396 for purposes of the angel investor tax credit;
- 26 8. KRS 141.389 for purposes of the distilled spirits credit;~~and~~
- 27 9. KRS 141.408 for purposes of the inventory credit; **and**

1                   10. Section 1 of this Act for purposes of the apprenticeship program  
2                   credit.

3 (3) The commissioner shall make available any information for official use only and on  
4 a confidential basis to the proper officer, agency, board or commission of this state,  
5 any Kentucky county, any Kentucky city, any other state, or the federal government,  
6 under reciprocal agreements whereby the department shall receive similar or useful  
7 information in return.

8 (4) Access to and inspection of information received from the Internal Revenue Service  
9 is for department use only, and is restricted to tax administration purposes.  
10 Information received from the Internal Revenue Service shall not be made available  
11 to any other agency of state government, or any county, city, or other state, and shall  
12 not be inspected intentionally and without authorization by any present secretary or  
13 employee of the Finance and Administration Cabinet, commissioner or employee of  
14 the department, or any other person.

15 (5) Statistics of crude oil as reported to the Department of Revenue under the crude oil  
16 excise tax requirements of KRS Chapter 137 and statistics of natural gas production  
17 as reported to the Department of Revenue under the natural resources severance tax  
18 requirements of KRS Chapter 143A may be made public by the department by  
19 release to the Energy and Environment Cabinet, Department for Natural Resources.

20 (6) Notwithstanding any provision of law to the contrary, beginning with mine-map  
21 submissions for the 1989 tax year, the department may make public or divulge only  
22 those portions of mine maps submitted by taxpayers to the department pursuant to  
23 KRS Chapter 132 for ad valorem tax purposes that depict the boundaries of mined-  
24 out parcel areas. These electronic maps shall not be relied upon to determine actual  
25 boundaries of mined-out parcel areas. Property boundaries contained in mine maps  
26 required under KRS Chapters 350 and 352 shall not be construed to constitute land  
27 surveying or boundary surveys as defined by KRS 322.010 and any administrative

1 regulations promulgated thereto.

2 ➔SECTION 4. A NEW SECTION OF KRS CHAPTER 343 IS CREATED TO  
3 READ AS FOLLOWS:

4 *(1) Participation in applicable apprenticeship programs shall be required by all*  
5 *contractors and subcontractors for public works estimated to cost over one*  
6 *million dollars (\$1,000,000). This requirement shall be made part of the*  
7 *specifications, bid forms, and contracts for the construction of all public works. It*  
8 *shall also be part of the contractors' bonds so as to guarantee the faithful*  
9 *performance of the contractors in implementing the apprenticeship programs*  
10 *described in the contract.*

11 *(2) No member of a public authority authorized to contract for public works*  
12 *estimated to cost over one million dollars (\$1,000,000) shall vote for the award of*  
13 *any contract for the construction of a public work unless the public authority has*  
14 *first determined that the requirement for participation in an apprenticeship*  
15 *program has been made a part of the proposal specifications and contract for the*  
16 *public work.*

17 ➔Section 5. KRS 343.010 is amended to read as follows:

18 As used in this chapter unless the context requires otherwise:

19 (1) "Apprentice" means a worker at least sixteen (16) years of age, except where a  
20 higher minimum age standard is otherwise fixed by law, who is employed to learn  
21 an apprenticeable occupation as provided in 29 C.F.R. pt. 29;

22 (2) "Apprenticeship agreement" means a written agreement, complying with 29 C.F.R.  
23 pt. 29 between an apprentice and either the apprentice's program sponsor, or an  
24 apprenticeship committee acting as agent for the program sponsors, which contains  
25 the terms and conditions of the employment and training of the apprentice;

26 (3) "Commissioner" means commissioner of the Department of Workplace Standards,  
27 under the direction and supervision of the secretary of the Labor Cabinet, or any

- 1 person authorized to act in his or her behalf, having jurisdiction over laws or  
2 regulations governing wages and hours of employees working in this state;
- 3 (4) "Council" means the Commonwealth's Apprenticeship and Training Council, which  
4 provides advice and guidance to the Kentucky Labor Cabinet regarding the  
5 Commonwealth's apprenticeship program;
- 6 (5) "Supervisor" means supervisor of apprenticeship and training;
- 7 (6) "Trainee" means a person at least sixteen (16) years of age who has entered into an  
8 on-the-job training agreement with an employer or an association of employers or  
9 an organization of employees in a construction occupation under a program which  
10 has been approved by a federal agency as promoting equal employment opportunity  
11 in conjunction with federal-aid construction projects;
- 12 (7) "Apprenticeship program" means a plan containing all terms and conditions for the  
13 qualification, recruitment, selection, employment, and training of apprentices as  
14 required under 29 C.F.R. pts. 29 and 30, including such matters as the requirement  
15 for a written apprenticeship agreement;
- 16 (8) "On-the-job training program" means a plan containing all terms and conditions for  
17 the qualification, recruitment, selection, employment, and training of a trainee,  
18 including such matters as the requirement for a written on-the-job training  
19 agreement other than an apprenticeship program; provided, however, that said  
20 program has been approved by a federal agency as promoting equal employment  
21 opportunity in conjunction with federal-aid construction projects;
- 22 (9) "Sponsor" means any person, association, committee, or organization in whose  
23 name or title the program is or is to be registered, irrespective of whether such entity  
24 is an employer;
- 25 (10) "Employer" means any person or organization employing an apprentice or trainee  
26 whether or not such person or organization is a party to an apprenticeship or on-the-  
27 job training agreement with the apprentice or trainee; ~~and~~

1 (11) "Related instruction" means an organized and systematic form of instruction  
2 designed to provide the apprentice or trainee with knowledge of the theoretical and  
3 technical subjects related to the apprentice's occupation; and

4 (12) "Public authority" means any officer, board, or commission of this state, or any  
5 political subdivision or department in the state, or any institution supported in  
6 whole or in part by public funds, including publicly owned or controlled  
7 corporations, authorized by law to enter into any contract for the construction of  
8 public works; any nonprofit corporation funded to act as an agency and  
9 instrumentality of the government agency in connection with the construction of  
10 public works; and any "private provider" as defined in KRS 197.500 that enters  
11 into any contract for the construction of an "adult correctional facility" as  
12 defined in KRS 197.500; and

13 (13) "Public works" includes all buildings, roads, streets, alleys, sewers, ditches,  
14 sewage disposal plants, waterworks, and all other structures or work, including  
15 adult correctional facilities as defined in KRS 197.500, constructed under  
16 contract with any public authority.

17 ➔Section 6. The purpose of Sections 4 and 5 of this Act is to augment the  
18 Education and Workforce Development Cabinet's \$100,000,000 bond for the Work  
19 Ready Skills Initiative, and the Labor Cabinet's "Kentucky Trained. Kentucky Built."  
20 initiative in expanding the Commonwealth's apprenticeship program.