

**COMMONWEALTH OF KENTUCKY STATE FISCAL NOTE STATEMENT  
LEGISLATIVE RESEARCH COMMISSION  
2017 REGULAR SESSION**

**MEASURE**

2017 BR NUMBER **1473**

**HOUSE** BILL NUMBER **422**

RESOLUTION NUMBER \_\_\_\_\_

AMENDMENT NUMBER \_\_\_\_\_

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

**SPONSOR** **Representative Gentry**

**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	2016-2017	2017-2018	ANNUAL IMPACT AT FULL IMPLEMENTATION
<b>REVENUES</b>			(\$3 million) See explanation below
<b>EXPENDITURES</b>			
<b>NET EFFECT</b>			(\$3 million) See explanation below

( ) indicates a decrease/negative

**MEASURE’S PURPOSE:** If enacted, the bill will create a new income tax credit for a small business that employs an apprentice, who works in Kentucky and has an approved apprenticeship agreement, in an amount up to \$1,000 for each apprentice employed. The apprenticeship program must be designated as a permanent program with the Department of Workplace Standards, which has a duration of not less than 4,000 hours and not more than 10,000 hours. The apprentice must be employed for at least 120 hours per month and not be a preapprentice. The small business may claim the credit for no more than 4 years for each individual apprentice employed.

**PROVISIONS/MECHANICS:** A new section of KRS Chapter 141 is created to establish the small business apprenticeship credit for taxable years beginning on or after January 1, 2017, but before January 1, 2021. KRS 141.0205 is amended to place the new credit in the order for deduction on the income tax return. A new section of KRS Chapter 343 is created to require the Department of Workplace Standards to certify to the Department of Revenue specific

information for tax administration purposes. Various other sections of KRS Chapters 131 and 141 are amended to consolidate the reporting of certain information by the Department of Revenue to the Legislative Research Commission related to the evaluation of certain tax credits.

**FISCAL EXPLANATION:** Department of Labor records indicate that approximately 2,500 apprentices are enrolled in apprenticeship programs throughout the Commonwealth. However, data is not available to establish the number of these apprentices employed by a small business. Additionally, it is not known how many new small businesses will begin participating in the available apprenticeship programs as a result of this new tax credit. The \$3 million negative fiscal impact to the general fund related to this proposal is the maximum amount which may be experienced during the first year of implementation, i.e., fiscal year 2018-2019. However, the rate of growth and expansion related to the tax credit cannot be determined.

**DATA SOURCE(S):** Department of Labor

**PREPARER:** Jennifer Hays **NOTE NUMBER:** 116 **REVIEW:** JRS **DATE:** 2/23/2017