

**COMMONWEALTH OF KENTUCKY FISCAL NOTE STATEMENT  
LEGISLATIVE RESEARCH COMMISSION  
2020 REGULAR SESSION**

**MEASURE**

2020 BR NUMBER 2062

SENATE BILL NUMBER 244

**TITLE** AN ACT creating the Apprenticeship fund and making an appropriation therefore.

**SPONSOR** Senator Nemes

**FISCAL SUMMARY**

STATE FISCAL IMPACT:  YES  NO  UNCERTAIN

OTHER FISCAL STATEMENT(S) THAT MAY APPLY:  ACTUARIAL ANALYSIS  
 LOCAL MANDATE  CORRECTIONS IMPACT  HEALTH BENEFIT MANDATE

APPROPRIATION UNIT(S) IMPACTED: \_\_\_\_\_

FUND(S) IMPACTED:  GENERAL  ROAD  FEDERAL  RESTRICTED \_\_\_\_\_

FISCAL ESTIMATES	2019-2020	2020-2021	2021-2022	ANNUAL IMPACT AT FULL IMPLEMENTATION
REVENUES		(\$4,100,000)	(\$4,100,000)	(\$4,100,000)
EXPENDITURES				
NET EFFECT		(\$4,100,000)	(\$4,100,000)	(\$4,100,000)

( ) indicates a decrease/negative

**PURPOSE OF MEASURE:** A restricted fund is established in the State Treasury to be known as the apprenticeship fund. The fund shall primarily consist of income taxes deducted and withheld from the pay of apprentices. Amounts deposited in the fund are appropriated to pay for safety equipment, tools, and similar necessary items to be defined by administrative regulation. Every employer is required to identify any amounts deducted and withheld from the pay earned by an apprentice while participating in an apprenticeship program. The Department of Revenue is responsible for depositing the applicable employee withholding in the apprenticeship fund, instead of depositing that tax in the General Fund.

**FISCAL EXPLANATION:** In fiscal year 2018, the U.S. Department of Labor reported that there were 3,674 apprentices in Kentucky. The average wage for a fully-proficient worker who completes an apprenticeship is \$50,000 annually. The U.S. Bureau of Labor Statistics reports that while an apprentice is training under the direction of experienced workers, they earn about half of what a fully qualified worker makes. Assuming all these apprentices would claim the standard deduction for income tax purposes, and applying the 5% flat income tax rate to these wages, the negative impact to the General Fund related to this redirection of moneys is \$4.1 million annually.

**DATA SOURCE(S):** LRC staff, U.S. Department of Labor, U.S. Bureau of Labor Statistics  
**PREPARER:** Jennifer Hays **NOTE NUMBER:** 188 **REVIEW:** JAB **DATE:** 3/16/2020