

Stricken language would be deleted from present law. Underlined language would be added to present law.

1 State of Arkansas
2 81st General Assembly
3 Regular Session, 1997

As Engrossed: S3/11/97

A Bill

ACT 1168 OF 1997
SENATE BILL 458

4
5 By: Senator Malone
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7

For An Act To Be Entitled

8
9 "AN ACT TO PROVIDE A TWO THOUSAND DOLLAR (\$2,000) INCOME
10 TAX CREDIT TO A BUSINESS WHICH PARTICIPATES IN A YOUTH
11 APPRENTICESHIP/WORK-BASED LEARNING PROGRAM NOT COVERED
12 UNDER TITLE 29, SUBTITLE (a), PART 29 OF THE CODE OF
13 FEDERAL REGULATIONS; AND FOR OTHER PURPOSES."

Subtitle

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15
16 "AN ACT TO PROVIDE AN INCOME TAX CREDIT
17 FOR BUSINESSES PARTICIPATING IN CERTAIN
18 YOUTH APPRENTICESHIP/WORK-BASED LEARNING
19 PROGRAMS."
20

21 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:
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23 SECTION 1. Legislative findings and intent. The General Assembly finds
24 that some of the youth apprenticeship/work-based learning programs in the
25 state, while of high quality and standards, are not in occupations that are
26 covered by Title 29, Subtitle (a), Part 29 of the Code of Federal Regulations
27 which would allow the programs to be registered by the Bureau of
28 Apprenticeship and Training of the U. S. Department of Labor. Employers of
29 youth apprentices who are in programs/occupations registered by the Bureau of
30 Apprenticeship and Training are allowed to participate in a two thousand
31 dollar (\$2,000) tax credit as provided in ACA 26-51-509. It is the intent of
32 this act to provide guidelines and a process for certifying high quality youth
33 apprentice/work-based learning programs/occupations that meet the criteria set
34 forth by the Vocational and Technical Education Division of the Department of
35 Education in order that they may also participate in a two thousand dollar
36 (\$2,000.00) tax credit. The qualifying programs/occupations must meet the

1 standards and program designs that are nationally recognized by business and
2 industry and/or trade associations and have support by such groups in this
3 state. No apprentice program may be certified as meeting the intent of the
4 act if its curriculum and standards are not nationally recognized and/or do
5 not meet the criteria established for such programs.

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7 SECTION 2. For the purposes of this act:

8 (a) Department means the Department of Finance and Administration;

9 (b) Division means the Vocational and Technical Education Division of
10 the Department of Education; and

11 (c) Youth apprentice means an individual between the ages of sixteen
12 (16) and twenty-one (21) who is enrolled in a public or private secondary or
13 postsecondary school.

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15 SECTION 3. A taxpayer who employs a youth apprentice in an
16 apprenticeship/work-based learning program which meets the standards of
17 program design for nationally recognized curriculum and/or business and
18 industry or trade association standards and which meets the criteria for
19 vocationally-approved youth apprentice/work-based learning programs and which
20 is not in an occupation eligible for registration as provided in Title 29,
21 Subtitle (a), Part 29 of the Code of Federal Regulations, as in effect on
22 January 1, 1995, shall be allowed a credit in the amount of two thousand
23 dollars (\$2,000.00) or ten percent (10%) of the wages earned by the youth
24 apprentice, whichever is less, against the tax imposed by the Arkansas Income
25 Tax Act of 1929, as amended, 26-51-101 et seq., for each such apprentice.

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27 SECTION 4. To claim the benefits of this section, a taxpayer must
28 obtain certification from the Division certifying to the Revenue Division of
29 the Department of Finance and Administration that the taxpayer has met all the
30 requirements and qualifications set forth in this section. The certification
31 to the department shall include the total amount of wages paid to each youth
32 apprentice employed by the taxpayer or 501(c)(3) corporation in the taxable
33 year for which the taxpayer claims the credit provided in this section.

34

35 SECTION 5. (a) The amount of the credit that may be used by a taxpayer
36 for a taxable year may not exceed the amount of individual or corporate income

1 tax otherwise due. Any unused credit may be carried over for a maximum of two
2 (2) consecutive taxable years.

3 (b) If the business is an S corporation, the pass-through provisions
4 of 26-51-409, as in effect for the taxable year the credit is earned, shall be
5 applicable.

6 (c) A partners or members distributive share of the credit shall be
7 determined by the partnership or limited liability company agreement, unless
8 the agreement does not have substantial economic effect or does not provide
9 for the allocation of credits. If the agreement does not have substantial
10 economic effect or does not provide for the allocation of the credit, the
11 credit shall be allocated according to the partners or members interest in
12 the partnership, pursuant to federal Internal Revenue Code section 704(b), as
13 in effect on January 1, 1995.

14 (d) A taxpayer who trains a youth apprentice in a certified youth
15 apprenticeship program as provided in subsection (b) of this section shall be
16 entitled to the tax credit provided in this section for such youth apprentice,
17 even though the apprentice receives his or her wages for such training from a
18 501(c)(3) corporation.

19 (e) The tax credit provided by this act shall apply to taxable years
20 beginning January 1, 1998, and all taxable years thereafter.

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22 SECTION 6. The Revenue Division of the Department of Finance and
23 Administration shall promulgate such rules and regulations as may be deemed
24 necessary to carry out the purposes of this section. The Revenue Division
25 shall consult with the Vocational and Technical Education Division of the
26 Department of Education during the promulgation of the rules and regulations.

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28 SECTION 7. All provisions of this act of a general and permanent nature
29 are amendatory to the Arkansas Code of 1987 Annotated and the Arkansas Code
30 Revision Commission shall incorporate the same in the Code.

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32 SECTION 8. If any provision of this act or the application thereof to
33 any person or circumstance is held invalid, such invalidity shall not affect
34 other provisions or applications of the act which can be given effect without
35 the invalid provision or application, and to this end the provisions of this
36 act are declared to be severable.

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SECTION 9. All laws and parts of laws in conflict with this act are hereby repealed.

/s/Malone

APPROVED: 4-08-97