

1 **State of Arkansas**
2 **80th General Assembly**
3 **Regular Session, 1995**

A Bill

ACT 1103 OF 1995
HOUSE BILL 1669

4 **By: Representatives J. Smith, Hill, and Jones**

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For An Act To Be Entitled

8 "AN ACT TO PROVIDE A TWO THOUSAND (\$2,000) INCOME TAX
9 CREDIT TO A BUSINESS WHICH PARTICIPATES IN A YOUTH
10 APPRENTICESHIP PROGRAM; AND FOR OTHER PURPOSES."

11

Subtitle

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13 "TO PROVIDE A \$2,000 INCOME TAX CREDIT
14 TO A BUSINESS PARTICIPATING IN A YOUTH
15 APPRENTICESHIP PROGRAM."

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17 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:

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19 SECTION 1. For the purposes of this section,

20 (a) "Bureau" means the Bureau of Apprenticeship and Training of the U.S.
21 Department of Labor;

22 (b) "Department" means the Department of Finance and Administration;

23 (c) "Youth apprentice" means an individual between the ages of sixteen
24 (16) and twenty-one (21) years who is enrolled in a public or private
25 secondary or post secondary school;

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27 SECTION 2. A taxpayer who employs a youth apprentice in a registered
28 apprenticeship program as provided in Title 29, Subtitle (a), Part 29 of the
29 Code of Federal Regulations, as in effect on January 1, 1995, shall be allowed
30 a credit in the amount of two thousand dollars (\$2,000) or ten percent (10%)
31 of the wages earned by the youth apprentice, whichever is less, against the
32 tax imposed by the Arkansas Income Tax Act, as amended, §26-51-101 et seq.,
33 for each such apprentice.

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35 SECTION 3. To claim the benefits of this act, a taxpayer must obtain a
36 certification from the Bureau certifying to the Revenue Division of the

1 Department that the taxpayer has met all the requirements and qualifications
2 set forth in the act. The certification to the Department shall include the
3 total amount of wages paid to each youth apprentice employed by the taxpayer
4 or 501(c)(3) corporation in the taxable year for which the taxpayers claims
5 the credit provided in this act.

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7 SECTION 4. (a) The amount of the credit that may be used by a taxpayer
8 for a taxable year may not exceed the amount of individual or corporate income
9 tax otherwise due. Any unused credit may be carried over for a maximum of two
10 (2) consecutive taxable years.

11 (b) If the business is an S corporation, the pass-through provisions of
12 Arkansas Code §26-51-409, as in effect for the taxable year the credit is
13 earned, shall be applicable.

14 (c) A partner's or member's distributive share of the credit shall be
15 determined by the partnership or limited liability company agreement unless
16 the agreement does not have substantial economic effect or does not provide
17 for the allocation of credits. If the agreement does not have substantial
18 economic effect or does not provide for the allocation of the credit, the
19 credit shall be allocated according to the partner's or member's interest in
20 the partnership, pursuant to Federal Internal Revenue Code section 704(b), as
21 in effect on January 1, 1995.

22 (d) A taxpayer who trains a youth apprentice in a registered youth
23 apprenticeship program as provided in Section 2 of this act shall be entitled
24 to the tax credit provided in this act for such youth apprentice even though
25 the apprentice receives his or her wages for such training from a 501(c)(3)
26 corporation.

27 (e) The tax credit provided by this act shall apply to taxable years
28 beginning January 1, 1996 and all taxable years thereafter.

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30 SECTION 5. The Revenue Division of the Department shall promulgate such
31 rules and regulations as may be deemed necessary to carry out the purposes of
32 this section. The Revenue Division shall consult with the Bureau of
33 Apprenticeship and Training, U.S. Department of Labor during the promulgation
34 of the rules and regulations.

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1 SECTION 6. All provisions of this act of a general and permanent nature
2 are amendatory to the Arkansas Code of 1987 Annotated and the Arkansas Code
3 Revision Commission shall incorporate the same in the Code.

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5 SECTION 7. If any provision of this act or the application thereof to
6 any person or circumstance is held invalid, such invalidity shall not affect
7 other provisions or applications of the act which can be given effect without
8 the invalid provision or application, and to this end the provisions of this
9 act are declared to be severable.

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11 SECTION 8. All laws and parts of laws in conflict with this act are
12 hereby repealed.

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/s/Rep. J. Smith, et al

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APPROVED: 4-10-95

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As Engrossed: 2/16/95 3/8/95

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