

Department of Finance and Administration

Legislative Impact Statement

Bill: SB505

Amendment Number: S1

Bill Subtitle: TO EXPAND THE INCOME TAX CREDIT ALLOWED FOR EMPLOYING AN APPRENTICE IN AN APPRENTICESHIP PROGRAM OR WORK-BASED LEARNING PROGRAM.

Basic Change :

Sponsor: Senator J. English

Amendment No. 1 to SB 505 limits the credit to the amount of two thousand dollars (\$2,000) or ten percent (10%) of the wages earned by the youth apprentice, whichever is less.

SB 505 amends § 26-51-509 to combine the tax credits for the Youth Apprenticeship Program and the Youth Apprenticeship/Work Based Learning Program. Also, §§ 26-51-1601 through -1606 are repealed to eliminate duplicate language. The bill amends the existing credit program to allow a credit of \$2,000 per apprentice instead of the current lesser of \$2,000 or 10% of the annual salary of an apprentice and a taxpayer may claim no more than \$10,000 of the credit per year. The bill amends the definition of "apprentice" by removing the requirement that the employee be enrolled in secondary or post-secondary school and removes the 21 years of age limit. The bill is effective for tax years beginning on or after January 1, 2017.

Revenue Impact :

FY2018 Reduction to General Revenue of an undetermined amount. Based on historical payments, the expected impact of combining the programs with the bill changes is expected to be under \$100,000 in a fiscal year.

Taxpayer Impact :

More taxpayers are expected to use this income tax credit. The two youth apprenticeship credits that were previously available will be combined into one credit. Taxpayers may claim up to \$10,000 per year in apprenticeship credits and unused credits may be carried forward up to 2 years.

Resources Required :

Forms and instructions along with system programming will need to be updated.

Time Required :

Adequate time is provided to implement this bill.

Procedural Changes :

None.

Other Comments :

The bill eliminated the use of the term "youth" in the apprentice program and tax credit, but "youth" still appears on page 2, line 10 in the statutory text or the bill as originally filed. "Youth" also appears in Amendment No. 1.

Legal Analysis :

None.