

1 SB90
2 172531-5
3 By Senator Orr
4 RFD: Finance and Taxation Education
5 First Read: 02-FEB-16

1 SB90

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4 ENROLLED, An Act,

5 Relating to taxation; to provide definitions; to
6 provide a tax credit for employers that employ an apprentice;
7 to provide a cumulative cap on tax credits allowed; to provide
8 rulemaking authority; and to require the Workforce Development
9 Division of the Department of Commerce to provide an annual
10 report to certain legislative committees.

11 BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

12 Section 1. This act shall be known and may be cited
13 as the Apprenticeship Tax Credit Act of 2016.

14 Section 2. For the purposes of this act, the
15 following terms shall have the following meanings:

16 (1) APPRENTICE. A worker at least 16 years of age,
17 except where a higher minimum age standard is otherwise fixed
18 by law, who is employed to learn an apprenticeable occupation
19 as provided in 29 C.F.R. Part 29.4. The term includes a person
20 who is compensated by a third party but whose apprenticeable
21 work occurs under the supervision of an eligible employer.

22 (2) APPRENTICESHIP AGREEMENT. A written agreement,
23 complying with 29 C.F.R. Part 29.2 between an apprentice and
24 either the apprentice's program sponsor, or an apprenticeship
25 committee acting as agent for the program sponsors, which

1 contains the terms and conditions of the employment and
2 training of the apprentice.

3 (3) DIVISION. The Workforce Development Division of
4 the Department of Commerce.

5 (4) ELIGIBLE EMPLOYER. A taxpayer who employs an
6 apprentice pursuant to an apprentice agreement registered with
7 the Office of Apprenticeship of the Employment and Training
8 Administration of the United States Department of Labor.

9 Section 3. (a) An Alabama income tax credit is
10 hereby established for eligible employers that employ an
11 apprentice for at least seven full months of the prior taxable
12 year. The credit shall equal up to one thousand dollars
13 (\$1,000) for each apprentice employed, not to exceed five
14 apprentices employed. The Department of Revenue, in
15 consultation with the Workforce Development Division of the
16 Department of Commerce, shall establish a scale reflecting
17 ranges of amounts of money an employer has invested in an
18 eligible apprentice and a corresponding tax credit amount and
19 shall award the tax credit in accordance with this scale
20 following confirmation from the Workforce Development Division
21 that the apprentice for whom the credit is claimed is in
22 compliance with all federal and state requirements for the
23 apprenticeship program. The credit shall not be available for
24 an individual apprentice for more than four taxable years.

1 (b) The credit shall be allowed against the tax
2 imposed by Chapter 16 or Chapter 18 of Title 40. This tax
3 credit shall not be allowed to decrease a taxpayer's tax
4 liability to less than zero. The credit is not refundable or
5 transferable. The credit shall be available, on a pro rata
6 basis, to the owners of qualified employers that are entities
7 taxed under subchapters S or K of the Internal Revenue Code or
8 limited liability companies or professional corporations
9 authorized to do business in this state. An employer applying
10 for a tax credit must apply each year to receive the credit
11 for the preceding calendar year.

12 (c) The cumulative amount of tax credits issued
13 pursuant to this act shall not exceed three million dollars
14 (\$3,000,000) annually. The Department of Revenue shall ensure
15 that this cap is not exceeded, shall prescribe the various
16 methods by which these credits are to be issued, and shall
17 develop procedures to notify taxpayers at such points in time
18 when the tax credit caps in this subsection have been reached
19 for the applicable tax credit year.

20 (d) If an employer employs an apprentice for less
21 than the full preceding calendar year, the employer may apply
22 for the credit on a pro rata monthly basis beginning on the
23 first day of the first full month of apprenticeship.

24 (e) The Department of Revenue shall prescribe a form
25 to claim this credit that provides information to the

1 department sufficient for the proper administration of the
2 credit.

3 (f) The participation of an employee with an
4 apprenticeship program under this act and registration with
5 the Office of Apprenticeship of the Employment and Training
6 Administration of the United States Department of Labor shall
7 not constitute union affiliation, unless the employee
8 expressly elects to affiliate with a union.

9 Section 4. (a) The Workforce Development Division of
10 the Department of Commerce, in coordination with the Board of
11 Trustees of the Alabama Community College System or its
12 designee, may adopt any rules necessary to establish standards
13 for participation and eligibility and to implement and
14 administer this act. The division shall consult with the
15 Department of Revenue to coordinate implementation and
16 administration of this act.

17 (b) The division shall provide an annual report to
18 the Chair of the House Ways and Means Education Committee and
19 the Chair of the Senate Finance and Taxation Education
20 Committee to account for the effectiveness of the
21 apprenticeship program under this act.

22 Section 5. The tax credit allowed under this act
23 shall be effective January 1, 2017, for the 2017 taxable year
24 and shall continue through the 2021 tax year, unless extended
25 by act of the Legislature.

1 Section 6. This act shall become effective
2 immediately following its passage and approval by the
3 Governor, or its otherwise becoming law.

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President and Presiding Officer of the Senate

Speaker of the House of Representatives

SB90
Senate 18-FEB-16
I hereby certify that the within Act originated in and passed
the Senate, as amended.

Patrick Harris
Secretary

House of Representatives
Passed: 28-APR-16

By: Senator Orr