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## DIGEST

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HB 676 Original

2021 Regular Session

Carpenter

**Abstract:** Establishes the Apprenticeship Tax Credit Program and provides for administration of and eligibility for the program

Proposed law establishes a tax credit for employers who employ "eligible apprentices". Defines "eligible apprentice" as a person who meets at least one of the following criteria:

- (1) Has entered into a written apprenticeship agreement with an employer pursuant to a registered apprenticeship program as provided in present law (R.S. 23:381 et seq.).
- (2) Is enrolled in a training program that is accredited by the National Center for Construction Education and Research and that has no less than four levels of training and no less than 500 hours of instruction.
- (3) Is enrolled in a State Board of Elementary and Secondary Education (BESE) approved Fast Forward High-Demand Apprenticeship Pathway Program.
- (4) Is enrolled in a postsecondary apprenticeship program administered through the La. Community and Technical College System (LCTCS) as provided in proposed law.

### *Tax Credit*

Proposed law provides that the credit applies for taxable years beginning after Dec. 31, 2021, and that any credit provided pursuant to proposed law shall be non-refundable. Requires the credit to be taken against La. income tax or corporate franchise tax.

Proposed law provides that credit is earned for each eligible apprentice who works a minimum of 250 hours during the taxable period and is calculated at \$1.25 per hour that the eligible apprentice works. Caps the maximum allowable credit per eligible apprentice at \$1,250 per year. Further provides that no credit may be awarded for an eligible apprentice enrolled in a training program accredited by the National Center for Construction Education and Research, unless the student has successfully completed at least two levels of training and 250 hours of instruction.

Proposed law caps the maximum amount of tax credits that may be granted in a given year at \$12.5 million. Requires the Dept. of Revenue to promulgate rules providing for allocation of available tax credits. Further provides that if all credits are not granted in any calendar year, the unused portion will carry forward to subsequent calendar years and may be awarded without regard to the \$12.5

million cap otherwise provided in proposed law.

Requires the Dept. of Revenue by rule—in consultation with the La. Workforce Commission, BESE, LCTCS, and the Board of Regents—to establish procedures for determining an employer's eligibility for a credit pursuant to proposed law. Further requires the La. Workforce Commission, BESE, and LCTCS to annually provide to the Dept. of Revenue a list of businesses that participate in the apprenticeship programs administered by each respective agency.

Proposed law provides that if the tax credit earned for the taxable period exceeds the amount of taxes due, then the taxpayer may carry forward as a credit the unused portion for up to five years.

Requires all entities taxed as corporations to claim the credit authorized pursuant to proposed law on their corporation income and franchise tax return. Individuals, estates, and trusts are required to claim the credit on their income tax returns. Further outlines requirements for claiming the credit by business entities that are not taxed as corporations.

Provides that if a credit is later disallowed, the Dept. of Revenue may initiate a collection action against the taxpayer. Requires any such action to be initiated within three years from the end of the calendar year in which the credit was earned. Limits the interest rate that may be assessed on such collections to a rate equal to the rate of judicial interest provided in present law plus three percent.

Authorizes the Dept. of Revenue to promulgate rules in accordance with the Administrative Procedure Act to execute proposed law.

Proposed law sunsets after June 30, 2028.

#### *LCTCS Apprenticeship Program*

Proposed law requires the Board of Regents to establish an advisory council (council) to identify apprenticeship programs for high-demand industries and fields. Requires LCTCS to administer the council.

Provides that the council shall be composed of the following members or their designees:

- (1) The president of LCTCS.
- (2) The commissioner of higher education.
- (3) The state superintendent of education.
- (4) The secretary of the La. Dept. of Economic Development.
- (5) The secretary of the La. Workforce Commission.
- (6) The chairman of the La. Workforce Investment Council.

(7) The secretary of the La. Dept. of Revenue.

Requires the council to review the workforce priorities of the state and each of its workforce regions and designate postsecondary apprenticeship programs to be administered by LCTCS. Requires the first review by Sept. 30, 2021, and at least once every three years thereafter.

Proposed law establishes requirements for the council to meet in selecting a postsecondary apprenticeship program. The process includes:

- (1) Identification of a maximum of five industry sectors that are predominantly composed of high-demand, high-wage jobs that are aligned to workforce priorities of the state and each of its workforce regions and to identify high-demand, high-wage jobs in each of those sectors.
- (2) Review the postsecondary education requirements of each job identified.
- (3) Review the public postsecondary education programs at the associate degree level or below that offer credentials and degrees that are aligned to the identified jobs in each industry sector.

Further provides requirements for the identification of industry sectors; high-demand, high-wage jobs; and the designation of postsecondary apprenticeship programs:

- (1) Review of the most current statewide and regional industry and occupational forecasts as approved by the Occupational Forecasting Conference and the La. Workforce Investment Council.
- (2) Review of nationally recognized databases for industry and occupational projections.
- (3) Input from the regional economic development organization in each region.

Provides that proposed law shall apply to the employment of eligible apprentices, as defined in proposed law, on and after Jan. 1, 2022.

Effective upon signature of governor or lapse of time for gubernatorial action.

(Adds R.S. 47:6033)