

**SENATE
STATE OF MINNESOTA
NINETIETH SESSION**

S.F. No. 1790

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Introduction and first reading
Referred to E-12 Policy

OFFICIAL STATUS

1.1 A bill for an act
1.2 relating to taxation; providing for career and technical education; establishing a
1.3 high school apprenticeship pilot program with a refundable income tax credit for
1.4 employers; appropriating money; requiring a report.

1.5 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

1.6 Section 1. **HIGH SCHOOL APPRENTICESHIP CREDIT.**

1.7 Subdivision 1. **Definitions.** (a) For the purposes of this section, the terms defined in this
1.8 subdivision have the meanings given them.

1.9 (b) "Commissioner" means the commissioner of revenue.

1.10 (c) "Eligible student" means a high school student, age 16 or older.

1.11 (d) "Employer" means a taxpayer under Minnesota Statutes, section 290.01, with
1.12 employees located in Minnesota.

1.13 (e) "Greater Minnesota" means the area of Minnesota located outside the metropolitan
1.14 area as defined in Minnesota Statutes, section 473.121, subdivision 2.

1.15 Subd. 2. **Program established.** The commissioner shall administer a high school
1.16 apprenticeship pilot program in the 2018-2019 school year to provide career and technical
1.17 experience to high school students and tax credits for employers who provide apprenticeships
1.18 to high school students. The pilot program must operate at ten high schools. At least three
1.19 participating high schools must be located in each of the following areas:

1.20 (1) greater Minnesota;

1.21 (2) the city of Minneapolis or the city of St. Paul; and

2.1 (3) a Minnesota school district that is not located in the areas identified in clause (1) or
2.2 (2).

2.3 Subd. 3. **Program components.** (a) An apprentice must be an eligible student who is
2.4 enrolled in a career and technical education class related to the apprenticeship experience
2.5 as determined by the high school.

2.6 (b) To participate in the program, a high school must:

2.7 (1) enter into written agreements with one or more employers to provide apprenticeships
2.8 that are concurrent with a career and technical education class and continue for at least eight
2.9 weeks, during which the apprentice averages ten hours per week at the apprenticeship; and

2.10 (2) provide academic credit for the successful completion of the apprenticeship as part
2.11 of a career and technical education class.

2.12 (c) To participate in the program, an employer must enter into a written agreement with
2.13 a high school specifying that the apprentice:

2.14 (1) would not have been offered an apprenticeship without the tax credit described in
2.15 subdivision 5;

2.16 (2) does not and did not previously work for the employer in a position with the same
2.17 or similar responsibilities and duties as those that will be provided under the apprenticeship;

2.18 (3) does not replace an existing employee;

2.19 (4) has not previously participated in the program; and

2.20 (5) will be supervised and evaluated by the employer.

2.21 (d) The written agreement between the high school and the employer must certify a
2.22 credit amount to the employer, not to exceed \$2,000 per apprentice, and must specify the
2.23 amount certified for apprenticeships in calendar years 2018 and 2019. The total dollar
2.24 amount of credits that a high school certifies to employers may not exceed the amount of
2.25 its allocation under subdivision 4. If the amount certified in the written agreement for
2.26 calendar year 2018 is not fully used, the high school and employer may revise the written
2.27 agreement to transfer the unused amount to calendar year 2019.

2.28 (e) The written agreement must specify the calendar months in which each apprenticeship
2.29 and corresponding career and technical education class is to begin and end.

2.30 (f) The written agreement between the high school and the employer must certify that
2.31 the employer is aware of and intends to comply with all applicable state and federal child

3.1 labor laws, including securing any necessary approvals under Minnesota Rules, parts
3.2 5200.0940 and 5200.0950.

3.3 (g) Employers participating in the program under this section do not have to comply
3.4 with Minnesota Statutes, chapter 177, with respect to eligible students participating in the
3.5 program. The written agreement between the high school and the employer must certify
3.6 that the school and employer intend to comply with the federal Fair Labor Standards Act
3.7 including federal Department of Labor guidance on unpaid internships.

3.8 (h) Participating high schools and employers must report annually to the commissioner.
3.9 The report must include at least the following:

3.10 (1) the number of apprenticeships provided;

3.11 (2) the number of hours and weeks for apprenticeships; and

3.12 (3) academic credits earned by apprentices.

3.13 Subd. 4. **Credit allocation.** (a) The total amount of credits allocated must not exceed
3.14 \$1,000,000. The commissioner shall allocate equal amounts of credits to each participating
3.15 high school.

3.16 (b) A high school may apply to the commissioner to participate in the high school
3.17 apprenticeship pilot program. The application must be made in the form and manner specified
3.18 by the commissioner. The application must provide information sufficient for the
3.19 commissioner to determine:

3.20 (1) the location of the high school;

3.21 (2) the career and technical education classes the high school offers that would be part
3.22 of the high school apprenticeship pilot program;

3.23 (3) employer interest in participating in the high school apprenticeship pilot program;
3.24 and

3.25 (4) any other information that the commissioner deems appropriate.

3.26 (c) The commissioner must make applications available by October 1, 2017, and must
3.27 begin accepting applications by November 1, 2017. By December 31, 2017, the commissioner
3.28 must select high schools for participation on a first-come, first-served basis, subject to the
3.29 geographic requirements in subdivision 2, and may reject applications from high schools
3.30 that fail to identify career and technical education classes that would be part of the high
3.31 school apprenticeship pilot program or employer interest in participating.

4.1 Subd. 5. Tax credit allowed. (a) An employer is allowed a credit against the taxes
4.2 imposed by Minnesota Statutes, chapter 290, equal to the lesser of:

4.3 (1) \$2,000 per apprentice; or

4.4 (2) the amount certified to the taxpayer by a high school. The taxpayer must claim the
4.5 credit in the taxable year in which the eligible student completes the apprenticeship, as
4.6 specified in the written agreement between the high school and the employer.

4.7 (b) Credits allowed to a partnership, a limited liability company taxed as a partnership,
4.8 an S corporation, or multiple owners of property are passed through to the partners, members,
4.9 shareholders, or owners, respectively, pro rata to each partner, member, shareholder, or
4.10 owner based on their share of the entity's income for the taxable year.

4.11 (c) If the amount of credit that the taxpayer is eligible to receive under this section
4.12 exceeds the taxpayer's tax liability under Minnesota Statutes, chapter 290, the commissioner
4.13 of revenue shall refund the excess to the taxpayer.

4.14 (d) An amount necessary to pay claims for refund provided in this section is appropriated
4.15 from the general fund to the commissioner of revenue.

4.16 (e) Notwithstanding the certification of credits to employers by high schools, the
4.17 commissioner of revenue may use any audit and examination powers under Minnesota
4.18 Statutes, chapter 270C or 289A, to the extent necessary to verify that the taxpayer is eligible
4.19 for the credit and to assess for the amount of any improperly claimed credit.

4.20 Subd. 6. Reports to the legislature. (a) By February 1, 2020, the commissioner shall
4.21 report to the committees of the legislature with jurisdiction over education and taxes on the
4.22 high school apprenticeship program. The report must include the following:

4.23 (1) the number and dollar amount of credits allowed;

4.24 (2) the number of apprenticeships provided under the program;

4.25 (3) the cost of administering the program; and

4.26 (4) an analysis of the effectiveness of the program in stimulating businesses to offer
4.27 apprenticeships.

4.28 (b) The report required under this subdivision must comply with Minnesota Statutes,
4.29 sections 3.195 and 3.197.

4.30 **EFFECTIVE DATE.** This section is effective the day following final enactment and
4.31 credits are allowed for taxable years beginning after December 31, 2017, and before January
4.32 1, 2020.