

1 SB109
2 164683-1
3 By Senator Orr
4 RFD: Finance and Taxation Education
5 First Read: 03-MAR-15

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8 SYNOPSIS: Under existing law, an income tax credit is
9 not provided for an employer that employs an
10 apprentice.

11 This bill would provide an income tax credit
12 for an employer that employs an apprentice.

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14 A BILL

15 TO BE ENTITLED

16 AN ACT

17
18 Relating to tax credit; to provide definitions; and
19 to provide a tax credit for an employer that employs an
20 apprentice.

21 BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

22 Section 1. This act may be cited as the
23 "Apprenticeship Tax Credit Act of 2015."

24 Section 2. As used in this act, the following terms
25 shall have the following meanings:

26 (1) APPRENTICE. A worker at least 16 years of age,
27 except where a higher minimum age standard is otherwise fixed

1 by law, who is employed to learn an apprenticeable occupation
2 as provided in 29 C.F.R. Part 29.4.

3 (2) APPRENTICESHIP AGREEMENT. A written agreement,
4 complying with 29 C.F.R. Part 29.2 between an apprentice and
5 either the apprentice's program sponsor, or an apprenticeship
6 committee acting as agent for the program sponsors, which
7 contains the terms and conditions of the employment and
8 training of the apprentice.

9 (3) ELIGIBLE EMPLOYER. A taxpayer who employs an
10 apprentice pursuant to an apprentice agreement registered with
11 the Office of Apprenticeship of the Employment and Training
12 Administration of the United States Department of Labor.

13 Section 3. (a) An Alabama income tax credit is
14 hereby established for eligible employers that employ an
15 apprentice for at least seven full months of the taxable year.
16 The credit shall equal one thousand dollars (\$1,000) for each
17 apprentice employed. The credit shall not be available for an
18 individual apprentice for more than four taxable years.

19 (b) The credit shall be allowed against the tax
20 imposed by Chapter 18 of Title 40. This tax credit shall not
21 be allowed to decrease a taxpayer's tax liability to less than
22 zero. The credit is not refundable or transferable. The credit
23 shall be available, on a pro rata basis, to the owners of
24 qualified employers that are entities taxed under subchapters
25 S or K of the Internal Revenue Code. An employer applying for
26 a tax credit must apply each year to receive the credit for
27 the preceding calendar year.

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

Section 4. (a) The Alabama Industrial Development Training (AIDT) agency shall be given authority to promulgate any rules and regulations necessary to establish standards for participation and eligibility, and to implement and administer this section. The department shall consult with the Department of Revenue and the Department of Commerce to coordinate their efforts.

(b) The Department of Revenue shall prescribe a form to claim this credit that provides information to the department sufficient for the proper administration of this credit.

Section 5. The income tax credit pursuant to this act shall be effective January 1, 2016, for the 2016 taxable year and subsequent taxable years thereafter.

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