

FEB 15 2006

COMMERCE, REGULATION & LABOR

HOUSE FILE 2387

BY DANDEKAR, STRUYK, and HUSER

Passed House, Date _____ Passed Senate, Date _____
 Vote: Ayes _____ Nays _____ Vote: Ayes _____ Nays _____
 Approved _____

A BILL FOR

1 An Act creating an apprenticeship program and providing for tax
2 credits.

3 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

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HF 2387

1 Section 1. NEW SECTION. 84A.11 APPRENTICESHIP PROGRAM.

2 1. For purposes of this section, unless the context
3 otherwise requires:

4 a. "Apprenticeship" means a training program conducted by
5 an employer pursuant to which an employee receives instruction
6 and on-the-job training leading to qualification as a skilled
7 journeyman.

8 b. "Department" means the department of workforce
9 development created in section 84A.1.

10 2. The department shall establish and administer an
11 apprenticeship program for purposes of increasing
12 apprenticeships in the manufacturing trades, private sector
13 service occupations, and construction trades. An employer may
14 apply to the department for approval of an apprenticeship
15 under the program. In order to receive approval for an
16 apprenticeship, an employer must submit an application for an
17 apprenticeship in one of the trades identified by the
18 department as provided for in subsection 3. In approving an
19 apprenticeship, the department shall designate the length of
20 time for which the apprenticeship is approved for purposes of
21 claiming the tax credit under subsection 4, which shall not
22 exceed five years. An employer receiving approval from the
23 department for an apprenticeship is eligible for the tax
24 credit in subsection 4. The department of workforce
25 development shall provide the department of revenue with
26 immediate notice regarding each approved apprenticeship under
27 the program and the approved terms of the apprenticeship.

28 3. By July 15, 2007, the department shall identify five
29 manufacturing trades, five private sector service trades, and
30 five construction trades eligible for participation in the
31 apprenticeship program.

32 4. For tax years beginning on or after January 1, 2006, an
33 employer may claim a tax credit against the taxes imposed in
34 chapter 422, divisions II, III, and V, and in chapter 432, and
35 against the moneys and credits tax imposed in section 533.24,

1 equal to five percent of the gross annual wage paid to a
2 person employed as an apprentice pursuant to an apprenticeship
3 approved by the department under subsection 2 during the tax
4 year in which the tax credit is claimed. An individual may
5 claim a tax credit under this paragraph of a partnership,
6 limited liability company, S corporation, estate, or trust
7 electing to have income taxed directly to the individual. The
8 amount claimed by the individual shall be based upon the pro
9 rata share of the individual's earnings from the partnership,
10 limited liability company, S corporation, estate, or trust.
11 Any tax credit in excess of the taxpayer's liability for the
12 tax year may be credited to the tax liability for the
13 following five years or until depleted, whichever is earlier.

14 5. By January 15 of each year, the department shall submit
15 a written report to the general assembly and the governor
16 certifying the number of apprentices in each of the trades
17 identified by the department pursuant to subsection 3 during
18 the previous calendar year.

19 6. If the number of apprentices certified in the written
20 report required pursuant to subsection 5 by January 15, 2010,
21 is an increase of less than forty percent over the number of
22 apprentices certified in the written report required pursuant
23 to subsection 5 by January 15, 2008, this section shall be
24 repealed.

25 Sec. 2. REPORT TO THE CODE EDITOR. The department of
26 workforce development shall notify the Code editor by January
27 15, 2010, regarding the requirements of section 84A.11,
28 subsection 6.

29 EXPLANATION

30 This bill creates an apprenticeship program and provides
31 for tax credits.

32 The bill requires the department of workforce development
33 to establish and administer an apprenticeship program for
34 purposes of increasing apprenticeships in the manufacturing
35 trades, private sector service occupations, and construction

1 trades. The bill provides that an employer may apply to the
2 department for approval of an apprenticeship under the program
3 and that the application must be for an apprenticeship in one
4 of the trades identified by the department. The bill provides
5 that an employer receiving approval from the department for an
6 apprenticeship is eligible for a tax credit.

7 The bill provides that for tax years beginning on or after
8 January 1, 2006, an employer may claim a tax credit against
9 individual and corporate tax liabilities, franchise tax
10 liabilities for financial institutions, insurance premium tax
11 liabilities, and moneys and credits tax liabilities. The tax
12 credit is equal to 5 percent of the gross annual wage paid to
13 a person employed as an apprentice approved by the department
14 during the tax year in which the tax credit is claimed. The
15 bill allows any tax credit in excess of the taxpayer's
16 liability for a tax year to be credited to the tax liability
17 for the following five years or until depleted, whichever is
18 earlier.

19 By January 15 of each year, the bill requires the
20 department to submit a written report to the general assembly
21 and the governor certifying the number of apprentices in each
22 of the trades identified by the department during the previous
23 calendar year. The bill provides that if the number of
24 apprentices certified in the written report required by
25 January 15, 2010, is an increase of less than 40 percent over
26 the number of apprentices certified in the written report
27 required by January 15, 2008, the bill shall be repealed.

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