

Senate File 108 - Introduced

SENATE FILE 108
BY DOTZLER

A BILL FOR

1 An Act creating an apprenticeship training tax credit available
2 against the individual and corporate income tax and
3 including applicability provisions.

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

1 Section 1. NEW SECTION. 15B.5 Apprenticeship training tax
2 credit.

3 1. a. An apprenticeship training tax credit shall be
4 allowed against the taxes imposed in chapter 422, divisions II
5 and III, for a portion of the taxpayer's costs in providing
6 wages to apprentices in the construction trade trained under an
7 apprenticeship program.

8 b. An individual may claim a tax credit under this
9 subsection of a partnership, limited liability company,
10 S corporation, estate, or trust electing to have income
11 taxed directly to the individual. The amount claimed by the
12 individual shall be based upon the pro rata share of the
13 individual's earnings from the partnership, limited liability
14 company, S corporation, estate, or trust.

15 c. Any tax credit in excess of the taxpayer's liability
16 for the tax year is not refundable. A tax credit shall not be
17 carried back to a tax year prior to the tax year in which the
18 taxpayer first receives the tax credit.

19 2. a. To be eligible for the tax credit, the taxpayer
20 shall be an apprenticeship sponsor conducting an apprenticeship
21 program for an apprentice working in the construction trade and
22 employed at an Iowa worksite.

23 b. The tax credit shall be two dollars per hour multiplied
24 by the total number of hours worked during the tax year by an
25 apprentice working for a taxpayer described in paragraph "a".
26 The amount of tax credit in any year received by a taxpayer for
27 each apprentice may not exceed two thousand dollars or fifty
28 percent of the wages the apprentice earned, whichever is less.

29 3. a. To claim an apprenticeship training tax credit under
30 this section, a taxpayer must include one or more tax credit
31 certificates issued by the authority with the taxpayer's tax
32 return, verifying the taxpayer's eligibility for the credit.
33 A tax credit certificate shall not be included with a return
34 filed for a taxable year beginning prior to the tax year listed
35 on the certificate.

1 *b.* The tax credit certificate, unless rescinded by the
2 authority, shall be accepted by the department of revenue as
3 payment for taxes imposed pursuant to chapter 422, divisions II
4 and III, subject to any conditions or restrictions placed by
5 the authority upon the face of the tax credit certificate and
6 subject to the limitations of this section.

7 4. *a.* The authority shall accept applications from eligible
8 employers for an apprenticeship training tax credit.

9 *b.* If the authority determines the employer qualifies for
10 a tax credit pursuant to this section, the authority shall
11 issue an apprenticeship training tax credit certificate to
12 be included with the taxpayer's tax return. The tax credit
13 certificate shall contain the taxpayer's name, address, tax
14 identification number, the amount of the credit, the name of
15 the qualifying employer, the name of each apprentice, and any
16 other information required by the department of revenue.

17 *c.* Tax credit certificates issued under this section are not
18 transferrable to any person or entity.

19 5. The authority shall adopt rules pursuant to chapter
20 17A to administer this section, including rules governing
21 the application process and the criteria used to evaluate
22 applications.

23 Sec. 2. NEW SECTION. **422.10A Apprenticeship training tax**
24 **credit.**

25 The taxes imposed under this division, less the credits
26 allowed under section 422.12, shall be reduced by an
27 apprenticeship training tax credit allowed under section 15B.5.

28 Sec. 3. Section 422.33, Code 2015, is amended by adding the
29 following new subsection:

30 NEW SUBSECTION. 31. The taxes imposed under this division
31 shall be reduced by an apprenticeship training tax credit
32 allowed under section 15B.5.

33 Sec. 4. **APPLICABILITY.** This Act applies to tax years
34 beginning on or after January 1, 2016.

35

EXPLANATION

1 The inclusion of this explanation does not constitute agreement with
2 the explanation's substance by the members of the general assembly.

3 This bill creates a tax credit for apprenticeship sponsors
4 employing an apprentice working in the construction trade
5 at Iowa worksites. The tax credit is available against the
6 individual and corporate income tax for a portion of the wages
7 paid to apprentices in the construction trade trained through
8 an apprenticeship program.

9 The amount of the credit is equal to \$2 per hour multiplied
10 by the total number of hours that an apprentice worked during
11 the tax year. The bill limits the amount of the tax credit
12 in any year received by a taxpayer for each apprentice to a
13 maximum of \$2,000 or 50 percent of the wages the apprentice
14 earned, whichever is less.

15 The bill requires the taxpayer to be an apprenticeship
16 sponsor conducting an apprenticeship program registered with
17 the United States department of labor, office of apprenticeship
18 through Iowa for an apprentice working in the construction
19 trade and employed at an Iowa worksite.

20 The tax credit is not refundable, and a tax credit shall not
21 be carried back to a tax year prior to the tax year in which the
22 taxpayer first receives the tax credit. The tax credit is not
23 transferable.

24 To claim an apprenticeship training tax credit, a taxpayer
25 must include with the tax return a tax credit certificate
26 issued by the economic development authority. The bill directs
27 the economic development authority to adopt rules for the
28 issuance of the tax credit certificates.

29 The bill applies to tax years beginning on or after January
30 1, 2016.