

NOTICE OF INTENT

Department of Revenue Policy Services Division

National Center for Construction Education and Research
Apprenticeship Tax Credits
(LAC: 61:I.1909)

Under the authority of R.S. 47:287.785, R.S. 47:295, R.S. 47:1511, and R.S. 47:6033, and in accordance with the provisions of the Administrative Procedure Act, R.S. 49:950 et seq., the Department of Revenue, Policy Services Division, proposes to adopt LAC 61:I.1909 relative to apprenticeship tax credits.

Act 472 of the 2007 Regular Session of the Louisiana Legislature enacted R.S. 47:6026 to allow apprenticeship tax credits against income and corporation franchise tax to certain employers. The section was redesignated as R.S. 47:6033 pursuant to the statutory revision authority of the Louisiana State Law Institute. This Rule will clarify the application of apprenticeship tax credits for certain employers. This Rule will only apply to the National Center for Construction Education and Research portion of the apprenticeship tax credit.

Title 61

REVENUE AND TAXATION

Part I. Taxes Collected and Administered by the Secretary of Revenue

Chapter 19. Miscellaneous Tax Exemptions

§1909. National Center for Construction Education and Research Apprenticeship Tax Credits

A. Revised Statute 47:6033 provides certain employers a non-refundable apprenticeship tax credit against Louisiana individual or corporation income tax or corporation franchise tax equal to one dollar for each hour of employment of each eligible apprentice, not to exceed 1,000 hours for each eligible apprentice.

B. In order to be considered an "eligible apprentice", a student must be enrolled in a training program accredited by the National Center for Construction Education and Research (NCCER), must have successfully completed no less than two levels of training, and must have attained no less than 250 hours of instruction.

1. An apprentice becomes an "eligible apprentice" upon enrollment to the third level and the fourth level of a training curriculum. Enrollment to the third and fourth levels are allowed when successful completion of prior levels of training are achieved.

2. The apprentice will be considered enrolled for the tax year in which the apprentice started a particular level of training.

3. An employer may claim a credit for an "eligible apprentice" only once for each particular level of training.

C. Eligible employers will be responsible for obtaining and retaining student transcript information from the (NCCER) for each eligible apprentice for which the credit is claimed. Employers must also retain:

1. the name of the student enrolled in the training program;

2. the social security number of the student enrolled in the training program;

3. the level of training attained by the student enrolled in the training program;

4. the number of hours worked by the student enrolled in the training program;

5. any other information required by the Secretary of the Department of Revenue.

D. The Louisiana Workforce Commission portion of the apprenticeship tax credit can be found at LAC 40:IX.Chapter 7.

AUTHORITY NOTE: Promulgated in accordance with R.S. 47:287.785, R.S. 47:295, R.S. 47:1511, and R.S. 47:6033.

HISTORICAL NOTE: Promulgated by the Department of Revenue, Policy Services Division, LR 36:

Family Impact Statement

The proposed adoption of LAC 61:I.1909, regarding apprenticeship tax credits should not have any known or foreseeable impact on any family as defined by R.S. 49:972(D) or on family formation, stability, and autonomy. The implementation of this proposed Rule will have no known or foreseeable effect on:

1. the stability of the family;
2. the authority and rights of parents regarding the education and supervision of their children;
3. the functioning of the family;
4. family earnings and family budgets;
5. the behavior and personal responsibility of children;
6. the ability of the family or a local government to perform this function.

Public Comments

Any interested person may submit written data, views, arguments, or comments regarding this proposed Rule to Vanessa LaFleur, Director, Policy Services Division, by mail to P.O. Box 44098, Baton Rouge, LA 70804. All comments must be submitted no later than 4:30 p.m., June 23, 2010.

Public Hearing

A public hearing will be held on June 24, 2010, at 1:00 p.m. in the River Room located on the seventh floor of the LaSalle Building, 617 North Third Street, Baton Rouge, Louisiana 70802.

Cynthia Bridges
Secretary

FISCAL AND ECONOMIC IMPACT STATEMENT FOR ADMINISTRATIVE RULES

RULE TITLE: National Center for Construction Education and Research Apprenticeship Tax Credits

I. ESTIMATED IMPLEMENTATION COSTS (SAVINGS) TO STATE OR LOCAL GOVERNMENTAL UNITS (Summary)

There will be no additional costs to implement this proposed rule. Revised Statute 47:6033 allows certain employers to claim apprenticeship tax credits against individual income tax or corporation income tax or corporation franchise tax. The proposed rule will clarify the application of the apprenticeship tax credits for those employers.

II. ESTIMATED EFFECT ON REVENUE COLLECTIONS OF STATE OR LOCAL GOVERNMENTAL UNITS (Summary)

Revised Statute 47:6033 provides certain employers a non-refundable apprenticeship tax credit against Louisiana individual or corporation income tax or corporation franchise tax equal to one dollar for each hour of employment of each eligible apprentice, not to exceed 1,000 hours for each eligible apprentice. The fiscal note accompanying the enabling legislation (Act 472 of the 2007 Regular Session) estimated a decrease in state revenue of \$3.5 million for FY 11. This amount provides the maximum exposure to the state. Actual

collections in the first year of the program, tax year 2008, indicate state costs of about \$640,000 but could increase as the program becomes more widespread. The program is effective through tax year 2010 which will impact the state revenue collections in FY 11.

III. ESTIMATED COSTS AND/OR ECONOMIC BENEFITS TO DIRECTLY AFFECTED PERSONS OR NONGOVERNMENTAL GROUPS (Summary)

Employers who hire eligible apprentices shall be allowed tax credits against individual and corporation income tax and corporation franchise tax equal to one dollar for each hour of employment of each eligible apprentice, not to exceed 1,000 hours for each eligible apprentice. The fiscal note accompanying the enabling legislation (Act 472 of the 2007 Regular Session) estimated a decrease in state revenue of \$3.5 million per year, but actual claims in the first year totaled about \$640,000. This program has been in effect since the 2008 tax year.

IV. ESTIMATED EFFECT ON COMPETITION AND EMPLOYMENT (Summary)

This proposed rule should not affect competition or employment.

Cynthia Bridges
Secretary
1005#058

Robert E. Hosse
Staff Director
Legislative Fiscal Office