

HOUSE BILL No. 2292

By Committee on Commerce, Labor and Economic Development

2-3

1 AN ACT concerning economic development; establishing a tax credit
2 incentive program for apprenticeships; enacting the Kansas
3 apprenticeship tax credit act.
4

5 *Be it enacted by the Legislature of the State of Kansas:*

6 Section 1. Sections 1 through 3, and amendments thereto, shall be
7 known and may be cited as the Kansas apprenticeship tax credit act.

8 Sec. 2. For purposes of sections 1 through 3, and amendments
9 thereto:

10 (a) "Apprentice" means a person who is a Kansas resident at least 16
11 years of age, except where an older minimum age standard is otherwise
12 fixed by law, and is employed to learn an apprenticeable occupation as
13 defined in 29 C.F.R. § 29.4. "Apprenticeship" includes a person who is
14 compensated by a registered apprenticeship sponsor or a registered
15 apprenticeship intermediary but whose apprenticeable work occurs under
16 the supervision of an eligible employer.

17 (b) "Apprenticeship agreement" means a written agreement, meeting
18 the requirements of 29 C.F.R. § 29.2, between an apprentice and either the
19 apprentice's registered program sponsor or an apprenticeship intermediary
20 acting as an agent for the program sponsor, that contains the terms and
21 conditions of the employment and training of the apprentice.

22 (c) "Apprenticeship program" means a plan containing all terms and
23 conditions for the qualification, recruitment, selection, employment and
24 training of apprentices, as required under 29 C.F.R. § 29.4 and 29 CFR §
25 30, including such matters as the requirement for a written apprenticeship
26 agreement.

27 (d) "Eligible employer" means a business with a physical location in
28 Kansas, authorized to conduct business in Kansas and subject to the
29 Kansas income tax act that employs or supervises the work of an
30 apprentice pursuant to a registered apprenticeship agreement and in
31 accordance with a registered apprenticeship program.

32 (e) "Intermediary" means any person, association, business,
33 committee or organization acting as an agent for the program sponsor,
34 pursuant to a registered apprenticeship plan, who has registered with the
35 secretary.

36 (f) "Registered apprenticeship agreement" means an apprenticeship

1 agreement that has been accepted and recorded by the office of
2 apprenticeship of the employment and training administration of the
3 United States department of labor or the secretary as evidence of the
4 apprentice's participation in a particular registered apprenticeship program.

5 (g) "Registered apprenticeship program" means an apprenticeship
6 program that has been accepted and recorded by the office of
7 apprenticeship of the employment and training administration of the
8 United States department of labor or has been registered or approved by
9 the secretary as meeting the basic standards and requirements of the
10 United States department of labor for approval of such program.

11 (h) "Secretary" means the secretary of commerce or the secretary's
12 designee, including the director of the office of registered apprenticeship
13 or any successor, designated by the secretary of commerce to administer
14 the provisions of this act.

15 (i) "Sponsor" means any person, association, business, committee or
16 organization operating a registered apprenticeship program in whose name
17 the program is registered or approved and who has registered with the
18 secretary.

19 Sec. 3. (a) (1) For tax years commencing after December 31, 2022,
20 and ending before January 1, 2026, a credit shall be allowed against the
21 income tax liability imposed upon an eligible employer pursuant to the
22 Kansas income tax act that employs an apprentice pursuant to a registered
23 apprenticeship agreement and in accordance with a registered
24 apprenticeship plan for at least seven consecutive months during the
25 calendar year preceding the taxable year for which the credit is claimed.
26 The amount of the credit shall be up to \$2,500, as determined pursuant to
27 paragraph (2), for each apprentice so employed and may be awarded for up
28 to 20 apprentices employed in each taxable year per eligible employer. The
29 credit shall not be awarded for employment of the same apprentice more
30 than four times.

31 (2) The secretary of revenue, in consultation with the secretary, shall
32 establish a scale reflecting ranges of wages and other expenditures an
33 eligible employer has invested in an apprentice and a corresponding tax
34 credit amount and shall award the tax credit in accordance with the scale.
35 The credit shall be approved and issued pursuant to subsection (d).

36 (b) For tax years commencing after December 31, 2025, a credit shall
37 be allowed against the income tax liability imposed upon an eligible
38 employer pursuant to the Kansas income tax act that employs an
39 apprentice pursuant to a registered apprenticeship agreement and in
40 accordance with a registered apprenticeship plan for a continuous period
41 of time constituting at least 25% of the apprenticeship time period required
42 by the registered apprenticeship program. The credit shall be taken in the
43 tax year succeeding the calendar year in which the employment

1 requirement to claim the credit is met. The credit may subsequently be
2 taken in successive tax years based on up to a cumulative total of four
3 successive calendar years of employment for an individual apprentice. The
4 amount of the credit shall be up to \$2,750 for each apprentice employed,
5 not to exceed 20 such credits for apprenticeships in any taxable year per
6 eligible employer. The secretary may authorize a credit for employment of
7 less than a full calendar year pursuant to rules and regulations adopted by
8 the secretary of commerce. The credit shall be approved and issued
9 pursuant to subsection (d).

10 (c) (1) An eligible employer may be allowed a credit as provided by
11 paragraph (2) that shall be in addition to a credit allowed for an apprentice
12 pursuant to subsection (b) if the apprentice:

13 (A) Is enrolled in a secondary or postsecondary career and technical
14 education program;

15 (B) is under 18 years of age at the time the credit is claimed;

16 (C) has been employed by the eligible employer for at least 90 days;
17 and

18 (D) is participating in:

19 (i) An apprenticeship program registered with the secretary and
20 funded through the Carl D. Perkins career and technical education act of
21 2006, public law 109-270, as revised by the strengthening career and
22 technical education for the 21st century act, public law 115-224;

23 (ii) an adult basic education and literacy program funded under title II
24 of the workforce innovation and opportunity act, public law 113-128; or

25 (iii) a public workforce program funded under title I and title III of
26 the workforce innovation and opportunity act, public law 113-128.

27 (2) Each such credit shall not exceed \$500. An eligible employer shall
28 not claim more than 10 credits under this subsection in a tax year. The
29 credit shall be approved and issued pursuant to subsection (d).

30 (d) (1) Tax credits pursuant to subsections (a), (b) and (c) shall not be
31 refundable or transferable. The credits may be claimed on a pro-rata basis
32 by the owners of eligible employers that are entities taxed under
33 subchapter S or K of the federal internal revenue code, limited liability
34 companies or professional corporations authorized to do business in this
35 state. An eligible employer shall claim a credit for a tax year based on
36 employment of apprentices occurring in the preceding calendar year. The
37 cumulative amount of all tax credits for all eligible employers issued
38 pursuant to this section shall not exceed \$7,500,000 each taxable year.

39 (2) To be eligible for a tax credit under this section, the eligible
40 employer shall enter into an agreement regarding the employment of
41 apprentices with the secretary on such terms and conditions as the
42 secretary may require. The agreement shall set forth the amount per credit
43 or amount of cumulative credits an employer may earn based on specified

1 conditions or attainment of specified employment or training goals and
2 any other conditions for such credits consistent with the purposes of this
3 act. If applicable, the agreement shall set forth the relevant provisions of
4 the scale provided by subsection (a)(2). The agreement shall also require
5 that the eligible employer provide such information as required by the
6 secretary or the secretary of revenue for purposes of substantiating
7 eligibility for the tax credit, the development and expansion of
8 apprenticeships in this state and the report required by subsection (g). Such
9 agreements shall be made by the secretary with the goal of developing and
10 expanding apprenticeships in this state. The secretary shall advise the
11 secretary of revenue of the potential tax credits available to the eligible
12 employer. The secretary shall consult with the secretary of revenue, the
13 Kansas postsecondary technical education authority and educational
14 institutions, technical schools, secondary schools, business or industry
15 associations and other appropriate entities to coordinate implementation,
16 administration and development of apprenticeship programs in this state,
17 including through the use of tax credits as provided by this section.

18 (3) If an agreement as required by paragraph (2) is approved by the
19 secretary, the eligible employer shall submit such information in the
20 manner and form as required by the secretary and the secretary of revenue
21 to demonstrate eligibility for the credit each tax year a credit is claimed.
22 No tax credit shall be awarded by the secretary of revenue unless the
23 secretary of commerce has certified the eligible employer to the secretary
24 of revenue as having met the requirements for such credit pursuant to this
25 section and in compliance with all federal and state requirements for the
26 registered apprenticeship program and registered apprenticeship
27 agreement. To receive a credit, the eligible employer shall also meet the
28 requirements of any rules and regulations of the secretary of revenue or the
29 secretary of commerce.

30 (e) The participation of an employee with an apprenticeship program
31 under this section and registration with the secretary shall not constitute
32 union affiliation, unless the employee expressly elects to affiliate with a
33 union.

34 (f) The secretary of commerce or the secretary of revenue may adopt
35 rules and regulations as necessary to establish standards for participation
36 and eligibility and to implement and administer this section.

37 (g) The secretary shall provide an annual report before January 31 of
38 each year to the house of representatives standing committee on
39 commerce, labor and economic development and the senate standing
40 committee on commerce to account for the effectiveness of the
41 apprenticeship program under this section. The report shall include
42 information regarding the number and type of eligible employers, the
43 number and type of apprenticeships incentivized, the cumulative amount

1 of tax credits issued and the amount issued per industry and per eligible
2 employer, results of the program including information on the employment
3 of individuals following participation in an apprenticeship program, the
4 extent and nature of coordination and efforts with other entities to develop
5 apprenticeship programs, the effect of such efforts and the tax credits on
6 apprenticeship program development and such other information as
7 requested by the respective committees.

8 Sec. 4. This act shall take effect and be in force from and after its
9 publication in the statute book.