

LC00320

STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2002

A N A C T

RELATING TO TAXATION --
YOUTH APPRENTICESHIP TAX CREDIT

Introduced By: Senators McCaffrey, Paiva-Weed, Walton, and Walaska

Date Introduced: January 16, 2002

Referred To: Senate Finance

It is enacted by the General Assembly as follows:

1 SECTION 1. Title 44 of the General Laws entitled "Taxation" is hereby amended by
2 adding thereto the following chapter:

3 CHAPTER 60

4 YOUTH APPRENTICESHIP TAX CREDIT

5 **44-60-1. Legislative Intent.** – The general assembly finds that some of the youth
6 apprenticeship/work-based learning programs in the state, while of high quality and standards, are
7 not in occupations that are covered by title 29, subtitle (a), part 29 of the code of federal
8 regulations which would allow the programs to be registered by the bureau of apprenticeship and
9 training of the U.S. department of labor. Employers of youth apprentices who are in
10 programs/occupations registered by the bureau of apprenticeship and training are allowed to
11 participate in a two thousand dollar (\$2,000) tax credit. It is the intent of this act to provide
12 guidelines and a process for certifying high quality youth apprentice/work-based learning
13 programs/occupations that meet the criteria set forth by the department of education in order that
14 they may also participate in a two thousand dollar (\$2,000) tax credit. The qualifying
15 programs/occupations must meet the standards and program designs that are nationally
16 recognized by business and industry and/or trade associations and have support by such groups in
17 this state. No apprentice program may be certified as meeting the intent of the act if its
18 curriculum and standards are not nationally recognized and/or do not meet the criteria established
19 for such programs.

1 **44-60-2. Definitions.** – For the purposes of this chapter:

2 (1) “Department” means the department of administration;

3 (2) “Division” means the office of finance to the department of education; and

4 (3) “Youth apprentice” means an individual between the ages of sixteen (16) and twenty-
5 one who is enrolled in a public or private secondary or postsecondary school.

6 **44-60-3. Tax credit.** – A taxpayer who employs a youth apprentice in an
7 apprentice/work-based learning program which meets the standards of program design for
8 nationally recognized curriculum and/or business and industry or trade association standards and
9 which meets the criteria for vocationally-approved youth apprentice/work-based learning
10 programs and which is not in an occupation eligible for registration as provided in title 29,
11 subtitle (a), part 29 of the code of federal regulations, as in effect on January 1, 1995, shall be
12 allowed a credit in the amount of two thousand dollars (\$2,000) or ten percent (10%) of the wages
13 earned by the youth apprentice, whichever is less, against the tax imposed by chapters 11, 13, 14,
14 15, 17 and 30 of this title.

15 **44-60-4. Certification required.** – To claim the benefits of this section, a taxpayer must
16 obtain certification from the division certifying to the department that the taxpayer has met all the
17 requirements and qualifications set forth in this section. The certification to the department shall
18 include the total amount of wages paid to each youth apprentice employed by the taxpayer or a
19 501(c)(3) corporation in the taxable year for which the taxpayer claims the credit provided in this
20 section.

21 **44-60-5. Amount of tax credits.** – (a) The amount of the credit that may be used by a
22 taxpayer for a taxable year may not exceed the amount of individual or corporate income tax
23 otherwise due. Any unused credit may be carried over for a maximum of two (2) consecutive
24 taxable years.

25 (b) If the business is an "S" corporation, the pass-through provisions of section 26-51-
26 409, as in effect for the taxable year the credit is earned, shall be applicable.

27 (c) A partner's or member's distributive share of the credit shall be determined by the
28 partnership or limited liability company agreement, unless the agreement does not have
29 substantial economic effect or does not provide for the allocation of credits. If the agreement
30 does not have substantial economic effect or does not provide for the allocation of the credit, the
31 credit shall be allocated according to the partner's or member's interest in the partnership,
32 pursuant to federal internal revenue code section 704(b), as in effect on January 1, 1995.

33 (d) A taxpayer who trains a youth apprentice in a certified youth apprenticeship program
34 as provided in subsection (b) of this section shall be entitled to the tax credit provided in this

1 section for such youth apprentice, even though the apprentice receives his or her wages for such
2 training from a 501(c)(3) corporation.

3 (e) The tax credit provided by this chapter shall apply to taxable years beginning January
4 1, 2002, and all taxable years thereafter.

5 **44-60-6. Rules and Regulations.** – The department of administration shall promulgate
6 such rules and regulations as may be deemed necessary to carry out the purposes of this chapter.
7 The department of administration shall consult with the department of education during the
8 promulgation of the rules and regulations.

9 **44-60-7. Severability.** – If any part of this chapter is for any reason declared void, the
10 invalidity shall not affect the validity of the remaining portion of this chapter.

11 SECTION 2. This act shall take effect upon passage.

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EXPLANATION
BY THE LEGISLATIVE COUNCIL
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1 This act would provide an income tax credit to businesses which participate in a youth
2 apprenticeship/work-based learning program not covered by federal statutes.

3 This act would take effect upon passage.

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