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STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2003

AN ACT

RELATING TO TAXATION – YOUTH APPRENTICESHIP TAX CREDIT

Introduced By: Senators McCaffrey, Polisena, and Paiva-Weed

Date Introduced: January 23, 2003

Referred To: Senate Finance

It is enacted by the General Assembly as follows:

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

3 <u>CHAPTER 62</u>

YOUTH APPRENTICESHIP TAX CREDIT

44-62-1. Legislative Intent. – The general assembly finds that some of the youth apprenticeship/work-based learning programs in the state, while of high quality and standards, are not in occupations that are covered by title 29, subtitle (a), part 29 of the code of federal regulations which would allow the programs to be registered by the bureau of apprenticeship and training of the U.S. department of labor. Employers of youth apprentices who are in programs/occupations registered by the bureau of apprenticeship and training are allowed to participate in a two thousand dollar (\$2,000) tax credit. It is the intent of this act to provide guidelines and a process for certifying high quality youth apprentice/work-based learning programs/occupations that meet the criteria set forth by the department of education in order that they may also participate in a two thousand dollar (\$2,000) tax credit. The qualifying programs/occupations must meet the standards and program designs that are nationally recognized by business and industry and/or trade associations and have support by such groups in this state. No apprentice program may be certified as meeting the intent of the act if its curriculum and standards are not nationally recognized and/or do not meet the criteria established

2	44-62-2. Definitions. – For the purposes of this chapter:
3	(1) "Department" means the department of administration;
4	(2) "Division" means the office of finance to the department of education; and
5	(3) "Youth apprentice" means an individual between the ages of sixteen (16) and twenty-
6	one (21) who is enrolled in a public or private secondary or postsecondary school.
7	44-62-3. Tax credit. – A taxpayer who employs a youth apprentice in an
8	apprentice/work-based learning program which meets the standards of program design for
9	nationally recognized curriculum and/or business and industry or trade association standards and
10	which meets the criteria for vocationally-approved youth apprentice/work-based learning
11	programs and which is not in an occupation eligible for registration as provided in title 29,
12	subtitle (a), part 29 of the code of federal regulations, as in effect on January 1, 1995, shall be
13	allowed a credit in the amount of two thousand dollars (\$2,000) or ten percent (10%) of the wages
14	earned by the youth apprentice, whichever is less, against the tax imposed by chapters 11, 13, 14,
15	15, 17 and 30 of this title.
16	44-62-4. Certification required. – To claim the benefits of this section, a taxpayer must
17	obtain certification from the division certifying to the department that the taxpayer has met all the
18	requirements and qualifications set forth in this section. The certification to the department shall
19	include the total amount of wages paid to each youth apprentice employed by the taxpayer or a
20	501(c)(3) corporation in the taxable year for which the taxpayer claims the credit provided in this
21	section.
22	<u>44-62-5.</u> Amount of tax credits. – (a) The amount of the credit that may be used by a
23	taxpayer for a taxable year may not exceed the amount of individual or corporate income tax
24	otherwise due. Any unused credit may be carried over for a maximum of two (2) consecutive
25	taxable years.
26	(b) If the business is an "S" corporation, the pass-through provisions of section 26-51-
27	409, as in effect for the taxable year the credit is earned, shall be applicable.
28	(c) A partner's or member's distributive share of the credit shall be determined by the
29	partnership or limited liability company agreement, unless the agreement does not have
30	substantial economic effect or does not provide for the allocation of credits. If the agreement
31	does not have substantial economic effect or does not provide for the allocation of the credit, the
32	credit shall be allocated according to the partner's or member's interest in the partnership,
33	pursuant to federal internal revenue code section 704(b), as in effect on January 1, 1995.
34	(d) A taxpayer who trains a youth apprentice in a certified youth apprenticeship program

for such programs.

1	as	<u>provided</u>	in	subsection	(b)	of	<u>this</u>	section	shall	be	entitled	to	the	tax	credit	prov	<u>vided</u>	<u>in</u>	<u>this</u>

- 2 section for such youth apprentice, even though the apprentice receives his or her wages for such
- 3 <u>training from a 501(c)(3) corporation.</u>
- 4 (e) The tax credit provided by this chapter shall apply to taxable years beginning January
- 5 1, 2003, and all taxable years thereafter.
- 6 <u>44-62-6. Rules and Regulations. The department of administration shall promulgate</u>
- 7 such rules and regulations as may be deemed necessary to carry out the purposes of this chapter.
- 8 The department of administration shall consult with the department of education during the
- 9 promulgation of the rules and regulations.
- 10 <u>44-62-7. Severability.</u> If any part of this chapter is for any reason declared void, the
- 11 <u>invalidity shall not affect the validity of the remaining portion of this chapter.</u>
- 12 SECTION 2. This act shall take effect upon passage.

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EXPLANATION

BY THE LEGISLATIVE COUNCIL

OF

AN ACT

RELATING TO TAXATION – YOUTH APPRENTICESHIP TAX CREDIT
