

1 for such programs.

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 **44-62-5. 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

1 as provided in subsection (b) of this section shall be entitled to the tax credit provided in this
2 section for such youth apprentice, even though the apprentice receives his or her wages for such
3 training from a 501(c)(3) corporation.

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 **44-62-6. Rules and Regulations.** – The department of administration shall promulgate
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 **44-62-7. Severability.** – If any part of this chapter is for any reason declared void, the
11 invalidity shall not affect the validity of the remaining portion of this chapter.

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

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EXPLANATION
BY THE LEGISLATIVE COUNCIL
OF
A N A C T
RELATING TO TAXATION –
YOUTH APPRENTICESHIP TAX CREDIT

- 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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LC00422
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