

WEST VIRGINIA LEGISLATURE

2017 REGULAR SESSION

Introduced

Senate Bill 191

**FISCAL
NOTE**

BY SENATORS SWOPE AND BOSO

[Introduced February 8, 2017; referred
to the Committee on the Workforce; and then to the
Committee on Finance]

1 A BILL to amend and reenact §11-13W-1 of the Code of West Virginia, 1931, as amended, relating
 2 to tax credits for apprenticeship training in construction trades; and removing requirement
 3 that eligibility is limited to programs jointly administered by labor and management
 4 trustees.

Be it enacted by the Legislature of West Virginia:

1 That §11-13W-1 of the Code of West Virginia, 1931, as amended, be amended and
 2 reenacted to read as follows:

ARTICLE 13W. APPRENTICESHIP TRAINING TAX CREDITS.

§11-13W-1. Tax credits for apprenticeship training in construction trades.

1 (a) *Credit allowed.* – For those tax years beginning on or after January 1, 2008, there shall
 2 be allowed a credit for any taxpayer against certain taxes imposed by this state as described in
 3 subsection (d) of this section for wages paid to apprentices in the construction trades who are
 4 registered with the United States Department of Labor, Office of Apprenticeship, West Virginia
 5 State Office, by the taxpayer in the tax year that an apprentice and taxpayer participate in a
 6 qualified apprenticeship training program, as described in this section, which is:

- 7 ~~(1) Jointly administered by labor and management trustees;~~
- 8 ~~(2) (1)~~ Administered pursuant to 29 U. S. C. Section 50; and
- 9 ~~(3) (2)~~ Certified in accordance with regulations adopted by the United States Bureau of
 10 Apprenticeship and Training or the successor agency of that bureau.

11 (b) *Amount of credit.* – The tax credit ~~shall be in an amount~~ equals \$1 per hour multiplied
 12 by the total number of hours worked during the tax year by an apprentice working for the taxpayer
 13 participating in the qualified apprenticeship training program. ~~provided~~ The amount of credit
 14 allowed for any tax year with respect to each such apprentice may not exceed \$1,000 or fifty
 15 percent of the actual wages paid in the tax year for the apprenticeship, whichever is less:
 16 *Provided*, That for tax years beginning on and after January 1, 2012, the tax credit ~~shall be in an~~
 17 ~~amount~~ equals ~~to~~ \$2 per hour multiplied by the total number of hours worked during the tax year

18 by an apprentice working for the participating taxpayer, and the amount of credit allowed for any
19 tax year with respect to each apprentice may not exceed \$2,000, or fifty percent of actual wages
20 paid in that tax year for the apprenticeship, whichever is less.

21 (c) *Qualified apprenticeship training program requirements.* – In addition to the
22 qualifications specified in subsection (a) of this section, a qualified apprenticeship training
23 program shall consist of at least two thousand but not more than ten thousand hours of on the
24 job apprenticeship training for certification of the apprenticeship by the United States Bureau of
25 Apprenticeship and Training or the successor agency of the bureau.

26 (d) *Application of annual credit allowance.* – The amount of credit as determined under
27 subsection (b) of this section is allowed as a credit against the taxpayer's state tax liability applied
28 as provided in subdivisions (1) through (3), inclusive, of this subsection, and in that order.

29 (1) *Business franchise tax.* – The credit must first be applied to reduce the taxes imposed
30 by article twenty-three of this chapter for the taxable year.

31 (2) *Corporation net income taxes.* – After application of subdivision (1) of this subsection,
32 any unused credit is next applied to reduce the taxes imposed by article twenty-four of this chapter
33 for the taxable year.

34 (3) *Personal income taxes.* –

35 (A) If the person making the qualified investment is an electing small business corporation
36 (as defined in Section 1361 of the United States Internal Revenue Code of 1986, as amended),
37 a partnership, a limited liability company that is treated as a partnership for federal income tax
38 purposes, or a sole proprietorship, then any unused credit (after application of subdivisions (1)
39 and (2) of this subsection) is allowed as a credit against the taxes imposed by article twenty-one
40 of this chapter on the income from business or other activity subject to tax under article twenty-
41 three of this chapter or on income of a sole proprietor attributable to the business.

42 (B) Electing small business corporations, limited liability companies, partnerships and
43 other unincorporated organizations shall allocate the credit allowed by this article among its

44 members in the same manner as profits and losses are allocated for the taxable year.

45 (4) A credit is not allowed under this section against any employer withholding taxes
46 imposed by article twenty-one of this chapter.

47 (e) *Unused credit.* – If any credit remains after application of subsection (d) of this section,
48 that amount is forfeited. A carryback to a prior taxable year is not allowed for the amount of any
49 unused portion of any annual credit allowance.

NOTE: The purpose of this bill is to remove the requirement that programs be jointly administered by labor and management trustees in order to qualify for tax credits for apprenticeship training in construction trades.

Strike-throughs indicate language that would be stricken from a heading or the present law and underscoring indicates new language that would be added.