

SENATE AMENDMENT 1 TO sb458.

deleting the title and substituting the following:

"AN ACT TO PROVIDE A TWO THOUSAND DOLLAR (\$2,000) INCOME TAX CREDIT TO A BUSINESS WHICH PARTICIPATES IN A YOUTH APPRENTICESHIP/WORK-BASED LEARNING PROGRAM NOT COVERED UNDER TITLE 29, SUBTITLE (a), PART 29 OF THE CODE OF FEDERAL REGULATIONS; AND FOR OTHER PURPOSES."

AND

by deleting the subtitle and substituting the following:

"AN ACT TO PROVIDE AN INCOME TAX CREDIT FOR BUSINESSES PARTICIPATING IN CERTAIN YOUTH APPRENTICESHIP/WORK-BASED LEARNING PROGRAMS."

AND

by deleting Sections 1 and 2 and substituting the following:

"SECTION 1. Legislative findings and 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 as provided in ACA 26-51-509. 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 Vocational and Technical Education Division of the Department of Education in order that they may also participate in a two thousand dollar (\$2,000.00) 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 for such programs.

SECTION 2. For the purposes of this act:

(a) Department means the Department of Finance and Administration;

(b) Division means the Vocational and Technical Education Division of the Department of Education; and

(c) Youth apprentice means an individual between the ages of sixteen (16) and

twenty-one (21) who is enrolled in a public or private secondary or postsecondary school.

SECTION 3. A taxpayer who employs a youth apprentice in an apprenticeship/work-based learning program which meets the standards of program design for nationally recognized curriculum and/or business and industry or trade association standards and which meets the criteria for vocationally-approved youth apprentice/work-based learning programs and which is not in an occupation eligible for registration as provided in Title 29, Subtitle (a), Part 29 of the Code of Federal Regulations, as in effect on January 1, 1995, shall be allowed a credit in the amount of two thousand dollars (\$2,000.00) or ten percent (10%) of the wages earned by the youth apprentice, whichever is less, against the tax imposed by the Arkansas Income Tax Act of 1929, as amended, 26-51-101 et seq., for each such apprentice.

SECTION 4. To claim the benefits of this section, a taxpayer must obtain certification from the Division certifying to the Revenue Division of the Department of Finance and Administration that the taxpayer has met all the requirements and qualifications set forth in this section. The certification to the department shall include the total amount of wages paid to each youth apprentice employed by the taxpayer or 501(c)(3) corporation in the taxable year for which the taxpayer claims the credit provided in this section.

SECTION 5. (a) The amount of the credit that may be used by a taxpayer for a taxable year may not exceed the amount of individual or corporate income tax otherwise due. Any unused credit may be carried over for a maximum of two (2) consecutive taxable years.

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

(c) A partner s or member s distributive share of the credit shall be determined by the partnership or limited liability company agreement, unless the agreement does not have substantial economic effect or does not provide for the allocation of credits. If the agreement does not have substantial economic effect or does not provide for the allocation of the credit, the credit shall be allocated according to the partner s or member s interest in the partnership, pursuant to federal Internal Revenue Code section 704(b), as in effect on January 1, 1995.

(d) A taxpayer who trains a youth apprentice in a certified youth apprenticeship program as provided in subsection (b) of this section shall be entitled to the tax credit provided in this section for such youth apprentice, even though the apprentice receives his or her wages for such training from a 501(c)(3) corporation.

(e) The tax credit provided by this act shall apply to taxable years beginning January 1, 1998, and all taxable years thereafter.

SECTION 6. The Revenue Division of the Department of Finance and Administration shall promulgate such rules and regulations as may be deemed necessary to carry out the purposes of this section. The Revenue Division shall consult with the Vocational and

Technical Education Division of the Department of Education during the promulgation of the rules and regulations."

AND

by appropriately renumbering subsequent sections of the bill.