

2023 Kansas Statutes

74-50,231. Credits against income tax; expiration of tax credit program; eligibility; requirements; terms and amounts; limitations; agreement with secretary of commerce; requirements and conditions of agreement; participation by apprentice not to constitute union affiliation; rule and regulation authority; annual report by secretary of commerce to legislative committees.

(a) (1) For tax years commencing after December 31, 2022, and ending before January 1, 2026, a credit shall be allowed against the income tax liability imposed upon an eligible employer pursuant to the Kansas income tax act that employs an apprentice pursuant to a registered apprenticeship agreement and in accordance with a registered apprenticeship plan for at least all or a portion of the probationary period, as defined for that apprenticeship in the registered apprenticeship program standards, work process schedule otherwise known as appendix A or as designated by the secretary, and so employs the apprentice at the time such probationary period is completed. The tax credit shall be claimed by such eligible employer for the taxable year in which the apprentice completed the probationary period while employed by such eligible employer or the taxable year next succeeding the calendar year in which the apprentice completed the probationary period while employed by such eligible employer, as determined by the secretary and set forth in the agreement with the secretary pursuant to subsection (d). Subsequent credits may be claimed for up to three successive calendar years, or portions thereof, next succeeding the date on which the probationary period of the apprentice was met, by any eligible employer who subsequently employs such apprentice in all or a portion of such year. Such credit shall be claimed by the eligible employer for the taxable year in which the apprentice was employed or the taxable year next succeeding the calendar year in which the apprentice was employed as determined by the secretary and set forth in the agreement with the secretary as provided by subsection (d). The amount of the credit shall be up to \$2,500, as determined pursuant to paragraph (2), for each apprentice so employed and may be awarded for up to 20 apprentices employed in each taxable year per eligible employer. The credit shall not be awarded for employment of the same apprentice more than four times.

(2) The secretary of revenue, in consultation with the secretary, shall establish a scale reflecting ranges of wages and other expenditures an eligible employer has invested in an apprentice and a corresponding tax credit amount and shall award the tax credit in accordance with the scale. The credit shall be approved and issued pursuant to subsection (d).

(b) For tax years commencing after December 31, 2025, a credit shall be allowed against the income tax liability imposed upon an eligible employer pursuant to the Kansas income tax act that employs an apprentice pursuant to a registered apprenticeship agreement and in accordance with a registered apprenticeship plan for a continuous period of time constituting at least 25% of the apprenticeship time period required by the registered apprenticeship program. The credit shall be taken in the tax year next succeeding the calendar year in which the employment requirement to claim the credit is met. The credit may subsequently be taken in successive tax years based on up to a cumulative total of four successive calendar years of employment for an individual apprentice. The amount of the credit shall be up to \$2,750 for each apprentice employed, not to exceed 20 such credits for apprenticeships in any taxable year per eligible employer. The secretary may authorize a credit for employment of less than a full calendar year pursuant to rules and regulations adopted by the secretary of commerce. The credit shall be approved and issued pursuant to subsection (d).

(c) (1) An eligible employer may be allowed a credit as provided by paragraph (2) that shall be in addition to a credit allowed for an apprentice pursuant to subsection (b) if the apprentice:

(A) Is enrolled in a secondary or postsecondary career and technical education program;

(B) is under 18 years of age at the time the credit is claimed;

(C) has been employed by the eligible employer for at least 90 days; and

(D) is participating in:

(i) An apprenticeship program registered with the secretary and funded through the Carl D. Perkins career and technical education act of 2006, public law 109-270, as revised by the strengthening career and technical education for the 21st century act, public law 115-224;

(ii) an adult basic education and literacy program funded under title II of the workforce innovation and opportunity act, public law 113-128; or

(iii) a public workforce program funded under title I and title III of the workforce innovation and opportunity act, public law 113-128.

(2) Each such credit shall not exceed \$500. The tax credit shall be claimed in the taxable year next succeeding the calendar year in which the requirements to claim the credit are met. An eligible employer shall not claim more than 10 credits under this subsection in a tax year. The credit shall be approved and issued pursuant to subsection (d).

(d) (1) Tax credits pursuant to subsections (a), (b) and (c) shall not be refundable or transferable. The credits may be claimed on a pro-rata basis by the owners of eligible employers that are entities taxed under subchapter S or K of the federal internal revenue code, limited liability companies or professional corporations authorized to do business in this state. The aggregate amount of all tax credits for all eligible employers issued pursuant to this section shall not exceed \$7,500,000 each taxable year. The aggregate amount of all tax credits for all eligible employers issued pursuant to this section in addition to all grants awarded pursuant to K.S.A. 2023 Supp. 74-50,232, and amendments thereto, shall not exceed \$10,000,000 each taxable year.

(2) To be eligible for a tax credit under this section, the eligible employer shall enter into an agreement regarding the employment of apprentices with the secretary on such terms and conditions as the secretary may require. The agreement shall set forth the amount per credit or amount of cumulative credits an employer may earn based on specified conditions or attainment of specified employment or training goals and any other conditions for such credits consistent with the purposes of this act. If applicable, the agreement shall set forth the relevant provisions of the scale provided by subsection (a)(2). The agreement shall also require that the eligible employer provide such information as required by the secretary or the secretary of revenue for purposes of substantiating eligibility for the tax credit, the development and expansion of apprenticeships in this state and the report required by subsection (g). Such agreements shall be made by the secretary with the goal of developing and expanding apprenticeships in this state. The secretary shall advise the secretary of revenue of the potential tax credits available to the eligible employer. The secretary shall consult with the secretary of revenue, the Kansas postsecondary technical education authority and educational institutions, technical schools, secondary schools, business or industry associations and other appropriate entities to coordinate implementation, administration and development of apprenticeship programs in this state, including through the use of tax credits as provided by this section.

(3) If an agreement as required by paragraph (2) is approved by the secretary, the eligible employer shall submit such information in the manner and form as required by the secretary and the secretary of revenue to demonstrate eligibility for the credit each tax year a credit is claimed. No tax credit shall be awarded by the secretary of revenue unless the secretary of commerce has certified the eligible employer to the secretary of revenue as having met the requirements for such credit pursuant to this section and in compliance with all federal and state requirements for the registered apprenticeship program and registered apprenticeship agreement. To receive a credit, the eligible employer shall also meet the requirements of any rules and regulations of the secretary of revenue or the secretary of commerce.

(e) The participation of an employee with an apprenticeship program under this act and registration with the secretary shall not constitute union affiliation, unless the employee expressly elects to affiliate with a union.

(f) The secretary of commerce or the secretary of revenue may adopt rules and regulations as necessary to establish standards for participation and eligibility and to implement and administer this act.

(g) The secretary shall provide an annual report before January 31 of each year to

the house of representatives standing committee on commerce, labor and economic development and the senate standing committee on commerce to account for the effectiveness of the apprenticeship program under this act. The report shall include information regarding the number and type of eligible employers, eligible nonprofit employers and eligible healthcare employers the number and type of apprenticeships incentivized, the amount of tax credits and grants issued and the amounts issued per industry and per eligible employer, eligible nonprofit employers and eligible healthcare employers results of the program including information on the employment of individuals following participation in an apprenticeship program, the extent and nature of coordination and efforts with other entities to develop apprenticeship programs, the effect of such efforts and the tax credits and grants on apprenticeship program development and such other information as requested by the respective committees.

History: L. 2023, ch. 81, § 3; July 1.