



# House of Representatives

General Assembly

**File No. 557**

February Session, 2006

Substitute House Bill No. 5023

*House of Representatives, April 19, 2006*

The Committee on Finance, Revenue and Bonding reported through REP. STAPLES of the 96th Dist., Chairperson of the Committee on the part of the House, that the substitute bill ought to pass.

## **AN ACT CONCERNING ELIGIBILITY FOR THE APPRENTICESHIP TRAINING TAX CREDIT.**

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. Subsection (c) of section 12-217g of the general statutes is  
2 repealed and the following is substituted in lieu thereof (*Effective July*  
3 *1, 2006*):

4 (c) There shall be allowed a credit for any taxpayer against the tax  
5 imposed under this chapter for any income year with respect to wages  
6 paid to apprentices in the construction trades by such taxpayer in such  
7 year that the apprentice and taxpayer participate in a qualified four-  
8 year apprenticeship training program, as described in this section,  
9 which [(1) is jointly administered by labor and management trustees,  
10 (2) is administered pursuant to 29 USC Section 186(c), (3)] (1) is  
11 certified in accordance with regulations adopted by the Labor  
12 Commissioner, and [(4)] (2) is registered with the Connecticut State  
13 Apprenticeship Council established under section 31-22n. The tax



The following fiscal impact statement and bill analysis are prepared for the benefit of members of the General Assembly, solely for the purpose of information, summarization, and explanation, and do not represent the intent of the General Assembly or either House thereof for any purpose:

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**OFA Fiscal Note**

**State Impact:**

Agency Affected	Fund-Effect	FY 07 \$	FY 08 \$
Department of Revenue Services	GF - Revenue Loss	Less Than \$200,000	Less Than \$200,000

Note: GF=General Fund

**Municipal Impact:** None

**Explanation**

The bill is anticipated to result in a revenue loss (less than \$200,000/yr) to the corporation business tax. The estimate is based on the assumption that only a few construction companies would be eligible for the credit program because most construction companies are not incorporated in such a way that subjects them to the corporation business tax (most are likely organized as S-corporations, LLCs, or LPs)

Of the 50% (in terms of liability) of all corporations that were subject few companies list their primary business as either: (1) building construction - general contractors and operative builders, (2) heavy construction other than building construction - contractors, or (3) construction - special trade contractors.

The table below shows the number of companies and amount claimed under the Apprenticeship Credit program.

Income Year	Number of Companies	Total Claimed
1999	65	\$435,903
2000	78	557,725
2001	37	274,150
2003	9	1,198,667
2002 data not available		

**The Out Years**

The annualized ongoing fiscal impact identified above would continue into the future subject to inflation.

**OLR Bill Analysis****sHB 5023*****AN ACT CONCERNING ELIGIBILITY FOR THE APPRENTICESHIP TRAINING TAX CREDIT.*****SUMMARY:**

This bill extends to open (nonunion) shops the corporation tax credit for hiring construction trade apprentices that is now available only to businesses that sponsor a four-year apprenticeship program jointly with a union. To qualify currently for a credit, an apprenticeship program must provide between 4,000 and 8,000 hours of training and be (1) administered according to a federal labor-relations law, (2) certified by the labor commissioner, and (3) registered with the State Apprenticeship Council. The bill eliminates the reference to the federal law.

The credit is for up to \$1,000 per year per apprentice or 50% of the apprentice's annual wages, whichever is less. A business's total annual credit cannot exceed its tax liability for the year.

EFFECTIVE DATE: July 1, 2006

**COMMITTEE ACTION**

Higher Education and Employment Advancement Committee

Joint Favorable Substitute Change of Reference  
Yea 17 Nay 0 (02/23/2006)

Finance, Revenue and Bonding Committee

Joint Favorable  
Yea 48 Nay 2 (04/04/2006)