
OLR Bill Analysis

sSB 331

AN ACT PROVIDING A TAX CREDIT FOR CERTAIN EMPLOYERS OF VETERANS.

SUMMARY:

This bill provides corporation tax credits for businesses that employ certain veterans of Operation Enduring Freedom (Afghanistan) and the Iraq war who are participating in manufacturing, plastics, or construction trades apprenticeship training programs.

Existing law provides corporation tax credits for businesses that employ apprentices in these programs. Unlike these existing programs, the bill provides access to credits annually and does not limit them to set amounts. As under existing law, a business' total annual credit cannot exceed its tax liability for the year.

The bill specifies that a company eligible for more than one apprenticeship training tax credit may only claim one credit for each newly hired veteran, whichever credit is greater.

EFFECTIVE DATE: Upon passage and applicable to income years beginning on or after January 1, 2012.

CORPORATION TAX CREDIT FOR HIRING CERTAIN VETERANS AS APPRENTICES

Eligibility

A business qualifies for the credit for newly hired veterans if its apprenticeship training program lasts at least two years. The newly hired veteran must have been:

1. unemployed before being hired, regardless of whether he or she received unemployment compensation benefits;
2. a member of the armed forces of any state or any reserve

component of the U. S. armed forces;

3. called to active service in support of Operation Enduring Freedom or presidentially authorized military operations against Iraq; and
4. honorably discharged after serving at least 90 days in an area the president designated by executive order as a combat zone, or earlier if the employee was separated from service due to a Veterans' Administration-rated service-connected disability.

Credit Amount and Redemption

Under the bill, the credits are awarded annually and equal \$2 per hour multiplied by the total number of hours each newly hired veteran completes in the program each year. The credit amount is capped at 50% of the apprentices' wages.

Table 1 below describes existing law's apprenticeship training tax credits.

Table 1: Existing Apprenticeship Training Tax Credits

Program	Tax Credit Amount per Apprentice
Manufacturing, Plastics, and Plastic Related Trades Training Tax Credits	The lesser of: <ul style="list-style-type: none"> • \$4 per hour multiplied by the total number of (1) hours worked by the apprentice during the first half of a two-year qualifying apprenticeship training program or (2) hours worked by the apprentice during the first three-quarters of a four-year qualifying apprenticeship training program; • 50% of the total wages paid to the apprentice during the (1) first half of a two-year qualifying apprenticeship training program or (2) first three-quarters of a four-year qualifying apprenticeship training program; or • \$4,800
Construction Trades Training Tax Credits	The lesser of: <ul style="list-style-type: none"> • \$2 per hour multiplied by the total number of hours completed by the apprentice during a four-year

	qualifying apprenticeship training program; <ul style="list-style-type: none"> • 50% of the total wages paid to the apprentice during a four-year qualifying apprenticeship training program; or • \$4,000.
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Under both existing law and the bill apprenticeships must (1) provide between 4,000 and 8,000 hours of training, (2) be certified by the labor commissioner, and (3) be registered with the State Apprenticeship Council.

COMMITTEE ACTION

Select Committee on Veterans' Affairs

Joint Favorable Substitute Change of Reference
 Yea 10 Nay 0 (03/13/2012)

Labor and Public Employees Committee

Joint Favorable Substitute
 Yea 9 Nay 0 (03/20/2012)