Bill No.: HB-7377
Title: AN ACT EXTENDING THE MANUFACTURING APPRENTICESHIP TAX CREDIT TO AFFECTED BUSINESS ENTITIES.
Vote Date: 4/30/2019
Vote Action: Joint Favorable
PH Date: 4/10/2019

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SPONSORS OF BILL:
Finance, Revenue, and Bonding Committee

REASONS FOR BILL:
In an effort to assist manufacturers in meeting their immediate workforce needs HB-7377 will help offset a portion of the financial burden for small and mid-size businesses, by making them eligible for the apprenticeship tax credit currently available only to C-corporations.

RESPONSE FROM ADMINISTRATION/AGENCY:
None provided.

NATURE AND SOURCES OF SUPPORT:

Connecticut Business and Industry Association & Connecticut Manufacturers’ Collaborative, Eric Brown
Mr. Brown testified that this bill would help offset a portion of the financial burdens on small and mid-sized businesses when they invest in training employees for manufacturing positions themselves. Mr. Brown noted that small and mid-sized manufacturers are structured as S-Corporations and therefore are not eligible for the Connecticut’s Apprenticeship Tax Credit. This legislation would help mitigate the cost of some training and advance such companies to a more “even par” with larger manufacturers already receiving tax credits.

Waterbury Regional Chamber, Director of Public Policy, David Krechevsky
The Waterbury Regional Chamber submitted testimony that emphasized the fact that training apprentices is costly and this legislation would help relieve burdens for smaller companies. It allows smaller and mid-sized manufacturers the ability to develop the trained workforce the
business needs. The Waterbury Regional Chamber stated this legislation would be a financial return from the new jobs it will create.

**Mercantile Development, Lucia Furman**  
Bruce Dworak  
Martha Paluch Prou-Phoenix Marketing
The above three testifier’s submitted testimony detailing the difficulty of finding skilled manufacturing talent. They testified that often times, it is the company that has to develop skills within a person. Currently, the training costs are high and many businesses worry what the future of their business would be when workers begin retiring. They further testified that apprenticeship programs require 4,000 hours of on-the-job training and 500 hours of related instruction. The manufacturing community expressed their support of legislation that would help offset any burden for their company. They appreciate the funding already allocated through the apprenticeship program, but should also have access to the apprenticeship tax credit that larger corporations already enjoy.

**Connecticut State Council of Machinist, President, Tony Walter**  
**Connecticut AFL-CIO, President, Sal Luciano**
Both Mr. Walter and Mr. Luciano support legislative efforts that would promote the state’s manufacturing work force but oppose efforts for the state to subsidize a low wage employer. They recommended adding language that would require manufacturers who receive apprenticeship tax credits to pay their workers a living wage and provide good benefits. They also requested adding an amendment that would limit the number of tax credits one employer may receive.

**National Federation of Independent Business**
NFIB’s testimony notes that many small businesses owners, including those in the manufacturing sector, prefer to operate their businesses as a “pass through” entity; e.g. subchapter S corporations, Limited Liability Companies, etc. The traditional “corporation” (i.e. C-corps) is quickly becoming a thing of the past, especially in the small business sector.

Good tax policy, not to mention efficacy and parity, dictates that tax credits for apprenticeship training should be available to all corporate entities, not just limited to a select few, and thus be reflective of the contemporary corporate structures preferred by many small businesses.

**NATURE AND SOURCES OF OPPOSITION:**
None provided.

**Reported by:** Cassandra Gallion  
Committee Clerk  
**Date:** 5/8/2019