

Commerce Committee JOINT FAVORABLE REPORT

Bill No.: HB-6435

AN ACT EXTENDING THE MANUFACTURING APPRENTICESHIP TAX

Title: CREDIT TO PASS-THROUGH ENTITIES.

Vote Date: 3/11/2021

Vote Action: Joint Favorable

PH Date: 2/16/2021

File No.: 161

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SPONSORS OF BILL:

Commerce Committee

REASONS FOR BILL:

H.B. 6435 extends eligibility of the apprenticeship tax credit to include pass-through entities. The current tax structure prevents many small to mid-size businesses from utilizing this tax credit. Allowing these businesses to access this tax credit will offset some of the costs associated with employee training and incentivize job growth in this industry.

RESPONSE FROM ADMINISTRATION/AGENCY:

None Expressed

NATURE AND SOURCES OF SUPPORT:

- 1. Andy Markowski, State Director, National Federation of Independent Business:** Submitted written testimony in support of this bill. Mr. Markowski notes that many small business owners choose to operate their businesses as pass-through entities. This reality requires that the apprenticeship tax credit should be available to all corporate entities, not be limited. He suggested that the committee consider expanding the scope of the bill to apply to “all statutory apprenticeship training program tax credits, such as those in the construction trades.”
- 2. Middlesex County Chamber of Commerce:** Submitted written testimony in support of this bill. They stated that this bill perfectly fits the sentiments expressed in their 2021 Public Policy Agenda, which included urging the legislature to expand the apprenticeship tax credits to small manufactures.

- 3. Howard Reiter, President, Rome Fastener Corporation:** Submitted written testimony in favor of this bill. Mr. Reiter represents a small business that is privately owned and organized as a sub-S corporation. He noted that this tax credit would help Rome Fastener train future skilled workers for the state's economy.
- 4. Ashley Zane, Government Affairs Associate, Connecticut Business and Industry Association:** Provided written as well as public hearing testimony in support of this bill. She touched on the fact that this bill addresses that many corporations could not take advantage of the manufacturing apprenticeship tax credit under the current tax structure. Ms. Zane noted that this change would place smaller companies on an equal playing field with larger companies. She also testified that incentivizing businesses to re-skill and skill-up workers with this tax credit would help aid the state's recovery from the COVID-19 pandemic.
- 5. Bruce Dworak, Business Owner, Hobson & Motzer:** Provided public hearing testimony in support of this bill. Mr. Dworak was a representative of the Connecticut Manufacturers Collaborative. He testified that most of the manufactures in the state are small businesses, the vast majority are pass-through entities. This means that many tax credits, including the apprenticeship tax credit, can't be used by their businesses.

NATURE AND SOURCES OF OPPOSITION:

- 1. Sal Luciano, President, Connecticut AFL-CIO:** Submitted written testimony in opposition to this bill. Mr. Luciano expressed his organization's view that these tax credits should be ineligible to any business that doesn't provide a living wage. He urged the committee to add language to the bill that businesses who receive this tax credit pay their employees a living wage and provide good benefits.

Reported by: Peter B. Andrews

Date: 3-13-21