

Commerce Committee JOINT FAVORABLE REPORT

Bill No.: SB-98
AN ACT EXTENDING THE MANUFACTURING APPRENTICESHIP TAX
Title: CREDIT TO PASS-THROUGH ENTITIES.
Vote Date: 3/8/2022
Vote Action: Joint Favorable Change of Reference to Finance, Revenue and Bonding
PH Date: 3/1/2022
File No.:

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SPONSORS OF BILL:

[Rep. Tami Zawistowski, 61st Dist.](#)
[Rep. William A. Petit, 22nd Dist.](#)
[Rep. Craig C. Fishbein, 90th Dist.](#)
[Rep. Nicole Klarides-Ditria, 105th Dist.](#)
[Rep. Tom Delnicki, 14th Dist.](#)
[Rep. Joseph H. Zullo, 99th Dist.](#)
[Rep. Kara Rochelle, 104th Dist.](#)
[Rep. Robin Green, 55th Dist.](#)
[Rep. Mark W Anderson, 62nd Dist.](#)
[Rep. John K. Hampton, 16th Dist.](#)
[Rep. Terrie E. Wood, 141st Dist.](#)
[Rep. Michael DiGiovancarolo, 74th Dist.](#)
[Rep. Ronald A. Napoli, 73rd Dist.](#)
[Rep. Gary A. Turco, 27th Dist.](#)
[Rep. Jane M. Garibay, 60th Dist.](#)
[Rep. Bill Buckbee, 67th Dist.](#)
[Rep. Dave W. Yaccarino, 87th Dist.](#)
[Rep. John Fusco, 81st Dist.](#)
[Sen. Jorge Cabrera, 17th Dist.](#)
[Rep. Travis Simms, 140th Dist.](#)

REASONS FOR BILL:

Many small to mid-sized businesses are structured as pass-through companies. This makes them ineligible for the manufacturing apprenticeship tax credit while larger companies

typically are eligible. SB-98 would allow pass-through companies to take advantage of the manufacturing apprenticeship tax credit.

RESPONSE FROM ADMINISTRATION/AGENCY:

None expressed.

NATURE AND SOURCES OF SUPPORT:

State Representative Tami Zawistowski: Rep. Zawistowski views SB-98 as a way to “increase opportunities for apprentices as well as provide options to small businesses willing to train individuals.” Rep. Zawistowski says this bill “would help facilitate fairer competition between small and large firms, by extending the same opportunities to each, and would help to increase the amount of skilled labor available for hire.” She also says that for every job created in the manufacturing industry, three additional jobs will be created and that this tax credit would help create manufacturing jobs.

Ed Hawthorne, President of Connecticut AFL-CIO: Manufactures have been calling for the General Assembly “to do more to train workers for careers in manufacturing” due to concerns that a lack of training programs which may force manufactures to leave the state. SB-98 would help subsidize training. But AFL-CIO would like language to be added to SB-98 “to require all manufacturers who receive apprenticeship tax credits to pay their workers a living wage and provide meaningful benefits.”

House Republican Office: The House Republican Office sites data from CBIA’s 2021 Manufacturing Report saying, “41% of those surveyed said the main factor hampering growth in Connecticut was a shortage of skilled workers followed by burdensome business taxes.” This tax credit would attempt to address both of those issues. The House Republican Office also references expenses related to apprenticeship programs such as drops in productivity from trained staff having to shift their focus from manufacturing to training.

Ashely Zane, Government Affairs Associate, CBIA: CBIA sites the Governor’s Workforce Council strategic plan as stating 6,000 new manufacturing workers are projected to be needed due to retirements and new defense contracts. Expanding apprenticeship tax credit eligibility would give “smaller companies that have aging workforces the opportunity to offset the cost of training for new employees.” CBIA continues arguing for the importance of supporting the manufacturing industry by stating that 3.4 additional jobs are create for every 1 job created in manufacturing, in 2020 manufacturing wages totaled \$15.4 billion and that for every \$1 spent on manufacturing, an additional \$2.79 in additional activity is generated.

Several additional speakers testified in favor of SB-98. They cited shortages in manufacturing workers due to a lack of investments in training, increasing number of manufacturing related contracts and the increasing number of manufacturing employees near retirement age. They also discussed the high cost of training new workers and how many small to mid-size manufacturing companies weren’t eligible for the apprenticeship tax credit while larger businesses usually are, making it easier for larger businesses to train new employees in manufacturing.

- **Able Coil & Electronics, Inc.**
- **Centrix Inc.**

- Commercial Sewing Inc.
- Connecticut Spring & Stamping
- Hobson Motzer
- Magnatech
- Merill Industries
- OKAY Industries
- Schwerdtle Inc.
- Edward Segal Inc.
- Sirois Tool Co., Inc.
- Stevens Company Inc.
- The Siemon Company
- Carpin Manufacturing Inc.
- Alloy Engineering Co., Inc.
- Back East Brewing LLC
- Carpin Manufacturing Inc.
- Carpu Manufacturing Inc.

NATURE AND SOURCES OF OPPOSITION:

None expressed.

Reported by: Ron Deb

Date: 3/29/2022