



GOVERNOR'S OFFICE OF  
BUDGET AND PROGRAM PLANNING

## Fiscal Note 2027 Biennium

Bill#/Title: HB0908.02 (001): Generally revise employee tax credit laws to include apprentices

Primary Sponsor: Curtis Schomer Status: As Amended in House Committee

☐ Included in the Executive Budget ☐ Needs to be included in HB 2 ☐ Significant Local Gov Impact

☐ Significant Long-Term Impacts ☒ Technical Concerns ☐ Dedicated Revenue Form Attached

### FISCAL SUMMARY

	<u>FY 2026</u> <u>Difference</u>	<u>FY 2027</u> <u>Difference</u>	<u>FY 2028</u> <u>Difference</u>	<u>FY 2029</u> <u>Difference</u>
<b>Expenditures</b>				
General Fund (01)	\$0	\$0	\$0	\$0
<b>Revenues</b>				
General Fund (01)	\$0	(\$200,000)	(\$200,000)	(\$200,000)
<b>Net Impact</b>	<u>\$0</u>	<u>(\$200,000)</u>	<u>(\$200,000)</u>	<u>(\$200,000)</u>
<b>General Fund Balance</b>				

#### Description of fiscal impact

HB 908, as amended in the House Business and Labor Committee, revises the jobs growth incentive tax credit criteria to include apprentices in the construction industry, without them having to meet any of the other tax credit qualifying employee requirements. The amended bill also allows employers to claim both the jobs growth incentive credit and apprenticeship credit for the same employees. This bill is expected to increase tax credits claimed and decrease income tax liability and general fund revenue by \$200,000 per year, beginning with FY 2027.

### FISCAL ANALYSIS

#### Assumptions

##### Department of Revenue

1. HB 908, as amended in the House Business and Labor Committee, revises the jobs growth incentive tax credit (JGTC) criteria to include apprentices in the construction industry, without them having to have the \$50,000 annual wage requirement or be employed at least 6 months of the year. The amended bill allows employers to claim both the apprenticeship tax credit and JGTC for the same employees in the same year and repeals the sunset on the JGTC.
2. Under current law, employers of apprentices can qualify for and claim the JGTC if they meet the qualifying net employee growth and their apprentices meet the qualifying new employee requirements, which include the \$50,000 annual wage plus benefits and being employed for at least 6 months of the year.
3. Additionally, under current law, employers of apprentices can claim the apprenticeship tax credit for them, which is \$750 for each qualifying apprentice or \$1,500 if they are a veteran. For comparison, the jobs growth incentive credit is 3.825% of the salary of qualifying employees (50% of the employer's share of the taxes paid under the Federal Insurance Contributions Act, 26 U.S.C. 3111(a) and (b).). Under current law, employers are prohibited from claiming both the apprenticeship credit and jobs growth incentive credit for the same employee/apprentice.

4. The JGTC went into effect in TY 2022 and through TY 2023, it has been claimed by no individual taxpayers and very few corporate income taxpayers. The apprenticeship tax credit has been more widely used, with 424 individual income taxpayer claims and 15 corporate income taxpayer claims for TY 2023, for a total credit amount of approximately \$680,000.
5. Based on analysis done by the Department of Labor and Industry, it is estimated that this bill would increase the pool of potential credit claims by about \$1.5 million (10% of the current pool of qualifying employers/employees) by adding in construction apprentices as qualifying employees without the other requirements. The minimal usage of the JGTC so far makes it difficult to estimate the actual increase in credits claimed but it is likely the ability to claim both the apprenticeship credit and JGTC together could improve awareness and increase claims among qualifying businesses.
6. Based on the amount of apprenticeship credits claimed and the expanded pool of qualifying businesses with the amendment to the bill, it is estimated that there will be an increase in credits claimed. This will reduce tax liability by approximately \$200,000 per year beginning with TY 2026. This reduces general fund collections by an equivalent \$200,000 per year beginning in FY 2027.
7. The Department of Revenue will not incur significant additional costs because of this bill.

**Department of Labor and Industry**

8. The Department of Labor and Industry (DLI) assumes minimal time will be required to update applications for the revision to the job growth incentive tax credit and will utilize existing resources to cover the costs of this bill.

**Fiscal Analysis Table**

	<b><u>FY 2026</u></b> <b><u>Difference</u></b>	<b><u>FY 2027</u></b> <b><u>Difference</u></b>	<b><u>FY 2028</u></b> <b><u>Difference</u></b>	<b><u>FY 2029</u></b> <b><u>Difference</u></b>
<b><u>Fiscal Impact</u></b>				
<b><u>Expenditures</u></b>				
<b><u>Funding of Expenditures</u></b>				
<b><u>Revenues</u></b>				
General Fund (01)	\$0	(\$200,000)	(\$200,000)	(\$200,000)
<b>TOTAL Revenues</b>	<b>\$0</b>	<b>(\$200,000)</b>	<b>(\$200,000)</b>	<b>(\$200,000)</b>
<b><u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures)</u></b>				
General Fund (01)	\$0	(\$200,000)	(\$200,000)	(\$200,000)

**Technical Concerns**

**Department of Revenue**

1. The language in the change to the definition of qualifying new employee in Section 4 (page 6, lines 13-22) may allow employers with at least 10 construction apprentices to claim the credit regardless of having an increase or decrease in the total number of employees since 2021.
2. The bill does not include an effective or applicability date so the default effective date would be October 1, 2025. This would apply to TY 2026 for almost all taxpayers. However, some corporations have fiscal year with October, November, or December start dates for their tax years. This bill would impact their TY 2025 tax return.



Sponsor's Initials

Date



Budget Director's Initials

4/8/2025

Date