



GOVERNOR'S OFFICE OF
BUDGET AND PROGRAM PLANNING

Fiscal Note 2027 Biennium

Bill#/Title: HB0908.01: Generally revise employee tax credit laws to include apprentices

Primary Sponsor: Curtis Schomer Status: As Introduced

☐ 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 Difference</u>	<u>FY 2027 Difference</u>	<u>FY 2028 Difference</u>	<u>FY 2029 Difference</u>
Expenditures				
General Fund (01)	\$0	\$0	\$0	\$0
Revenues				
General Fund (01)	\$0	\$0	\$0	\$0
Net Impact	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
General Fund Balance				

Description of fiscal impact

Department of Revenue

HB 908 revises the jobs growth incentive tax credit 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. This bill is expected to have a minimal impact on the amount of credits claimed and income tax revenue.

FISCAL ANALYSIS

Assumptions

Department of Revenue

- HB 908 revises the jobs growth incentive tax credit 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.
- Under current law, employers of these apprentices can qualify for and claim the credit 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.
- Additionally, under current law, employers of these 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).). Employers are prohibited from claiming both the apprenticeship credit and jobs growth incentive credit for the same employee/apprentice.
- For construction apprentices with a salary under approximately \$20,000, the apprenticeship credit would be greater than the jobs growth incentive credit, and for apprentices with a salary over \$50,000, the jobs growth

incentive credit may be claimed under current law. Therefore, this bill would have an impact by increasing the credit amount an employer could claim for hiring additional construction apprentices with salaries between \$20,000 and \$50,000 by switching from claiming the apprenticeship credit to the jobs growth incentive credit.

5. Based on analysis done by the Department of Labor and Industry, it is estimated that for employers of construction apprentices hired in 2022 who meet the requirements to benefit from this bill, there were 12 businesses with 58 total construction apprentices. The total estimated impact if all of these employers were claiming the apprenticeship tax credit and then switched to the jobs growth incentive credit to maximize their credit amount, the impact would be an increase in credits claimed of approximately \$50,000.
6. The jobs growth incentive credit went into effect in TY 2022 and through TY 2023 there have been no individual taxpayers claim the credit and very few corporate income taxpayers claim it. Therefore, the small increase in the potential qualifying employees, as outlined in the prior assumption, is not expected to significantly increase the actual claims of the credit. This bill is expected to have a minimal impact on income tax collections and general fund revenue.
7. The Department of Revenue will not incur significant additional costs because of this bill.

Department of Labor and Industry

1. 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.

Significant Long-Term Impacts**Office of Budget and Program Planning**

1. These two credits expire after TY 2028 which represent final returns submitted between April 2029 and Oct 2029 (FY 2029 and FY 2030 respectively).

_____
Sponsor's Initials_____
Date_____
Budget Director's Initials

4/1/2025

Date