

**Kansas Department of Commerce
Testimony on HB 2292, Kansas Apprenticeship Tax Credit
Shonda Anderson Atwater, Director of Apprenticeship and Internship
House Commerce Committee
February 13, 1:30 p.m.
Room 346-S**

The Kansas Department of Commerce supports House Bill 2292, Kansas Apprenticeship Tax Credit, and requests the House Commerce Committee pass the bill favorably with our recommended change.

While Registered Apprenticeship in the State of Kansas is steeped in history, the Office of Apprenticeship is now experiencing much needed modernization and growth. These modernizations will have lasting impacts on established programs, their business sponsors, the intermediaries, and stakeholders that are vital to occupational proficiency in the state's most in demand industries.

Most apprenticeship occupations in Kansas have traditionally been in the construction and electrical trades. These trades are vital to the economy and their apprenticeship training is robust, demanding, and extremely well-rounded, producing some of our country's top professionals in their occupations. However, it is due to labor shortages and an increase in economic activity across all industries that have influenced Kansas to rethink how apprenticeship could be offered to other occupations such as healthcare, education, IT, manufacturing, and agriculture.

Based on data reported by the U.S. Department of Labor, Kansas has clear areas of growth opportunity. To meet these significant needs in high demand, high wage occupations and continue down the path of modernization and growth, the Kansas Office of Apprenticeship supports a tax credit for an employer that employs an apprentice. This benefit will encourage all employers to implement apprenticeship programs as a strategy to develop a qualified workforce. The credit will also be available to those employers who already have an established apprenticeship program or are working with an established apprenticeship program (including joint apprenticeship training committees). The purpose of the tax credit is to support the increase of registered apprenticeships throughout the state.

Additionally, both the amount per apprentice and the overall cap on the program is comparable to what other states offer. This program will put Kansas in alignment with other states (currently, 31 states offer an apprenticeship tax credit) as we work diligently to grow our workforce and

reduce the skills gap. Kansas has been recognized as the best state in the nation for business investment per capita. In order to continue our economic success, the state needs to continue to innovate and provide opportunities for all Kansans to have high quality jobs. Registered Apprenticeship provides those opportunities.

While we are supportive, we request consideration of a critical change that will align this program to best practices. In Section 3. (a) (1), the bill requires at least seven consecutive months of employment to qualify for the tax credit. We recommend changing this time to the agreed upon probationary period as indicated in the standards of a particular apprenticeship program. Each probationary period is specific to the occupation and must meet critical high standards regarding safety and proficiency as well as protect both the apprentice and employer.

The Kansas Apprenticeship Council has set forward a bold vision to grow Kansas Apprenticeship to a top 25 program by 2025. To meet this vision, not only do we need to grow our existing apprenticeship programs including joint apprenticeship training committees, but we also must implement aggressive strategies. This bill is a key part of reaching this vision.

Apprenticeships provide greater access to all Kansans who want to learn a new skill and find high quality employment. It also gives Kansas employers access to grow their own well-trained workforce to meet their specific business needs. I urge the committee to favorably pass HB 2292 with our recommended change.