

As Amended by House Committee

Session of 2023

HOUSE BILL No. 2292

By Committee on Commerce, Labor and Economic Development

2-3

1 AN ACT concerning economic development; **enacting the Kansas**
2 **apprenticeship act**; establishing a tax credit **and grant** incentive
3 program for apprenticeships; ~~enacting the Kansas apprenticeship tax~~
4 ~~credit act~~ **creating the Kansas nonprofit apprenticeship grant**
5 **program fund**.

6
7 *Be it enacted by the Legislature of the State of Kansas:*

8 Section 1. Sections 1 through ~~3~~ **4**, and amendments thereto, shall be
9 known and may be cited as the Kansas apprenticeship ~~tax credit~~ act.

10 Sec. 2. For purposes of sections 1 through ~~3~~ **4**, and amendments
11 thereto:

12 (a) **"Act" means the Kansas apprenticeship act.**

13 (b) "Apprentice" means a person who is a Kansas resident at least 16
14 years of age, except where an older minimum age standard is otherwise
15 fixed by law, and is employed **in Kansas** to learn an apprenticeable
16 occupation as defined in 29 C.F.R. § 29.4. "Apprenticeship" includes a
17 person who is compensated by a registered apprenticeship sponsor or a
18 registered apprenticeship intermediary but whose apprenticeable work
19 occurs under the supervision of an eligible employer.

20 (b)(c) "Apprenticeship agreement" means a written agreement,
21 meeting the requirements of 29 C.F.R. § 29.2, between an apprentice and
22 either the apprentice's registered program sponsor or an apprenticeship
23 intermediary acting as an agent for the program sponsor, that contains the
24 terms and conditions of the employment and training of the apprentice.

25 (e)(d) "Apprenticeship program" means a plan containing all terms
26 and conditions for the qualification, recruitment, selection, employment
27 and training of apprentices, as required under 29 C.F.R. § 29.4 and 29 CFR
28 § 30, including such matters as the requirement for a written
29 apprenticeship agreement.

30 (d)(e) "Eligible employer" means a business with a physical location
31 in Kansas, authorized to conduct business in Kansas and subject to the
32 Kansas income tax act that employs or supervises the work of an
33 apprentice pursuant to a registered apprenticeship agreement and in
34 accordance with a registered apprenticeship program. **"Eligible**
35 **employer" may include, but not be limited to, a for-profit eligible**
36 **healthcare employer.**

1 **(f) "Eligible nonprofit employer"** means an organization that is
2 exempt from federal income taxation pursuant to section 501(c)(3) of
3 the federal internal revenue code, with a physical location in Kansas
4 and registered, if required by law, with the secretary of state that
5 employs or supervises the work of an apprentice pursuant to a
6 registered apprenticeship agreement and in accordance with a
7 registered apprenticeship program. "Eligible nonprofit employer"
8 may include, but not be limited to, a nonprofit eligible healthcare
9 employer.

10 **(g) "Eligible healthcare employer"** means a hospital, long-term
11 care facility or federally qualified healthcare center with a physical
12 location in Kansas that is engaged in providing healthcare to Kansas
13 residents and that employs or supervises the work of an apprentice
14 pursuant to a registered apprenticeship agreement and in accordance
15 with a registered apprenticeship program.

16 ~~(e)~~**(h)** "Intermediary" means any person, association, business,
17 committee or organization acting as an agent for the program sponsor,
18 pursuant to a registered apprenticeship plan, who has registered with the
19 secretary.

20 ~~(f)~~**(i)** "Registered apprenticeship agreement" means an apprenticeship
21 agreement that has been accepted and recorded by the office of
22 apprenticeship of the employment and training administration of the
23 United States department of labor or the secretary as evidence of the
24 apprentice's participation in a particular registered apprenticeship program.

25 ~~(g)~~**(j)** "Registered apprenticeship program" means an apprenticeship
26 program that has been accepted and recorded by the office of
27 apprenticeship of the employment and training administration of the
28 United States department of labor or has been registered or approved by
29 the secretary as meeting the basic standards and requirements of the
30 United States department of labor for approval of such program.

31 ~~(h)~~**(k)** "Secretary" means the secretary of commerce or the secretary's
32 designee, including the director of the office of registered apprenticeship
33 or any successor, designated by the secretary of commerce to administer
34 the provisions of this act.

35 ~~(i)~~**(l)** "Sponsor" means any person, association, business, committee
36 or organization operating a registered apprenticeship program in whose
37 name the program is registered or approved and who has registered with
38 the secretary.

39 Sec. 3. (a) (1) For tax years commencing after December 31, 2022,
40 and ending before January 1, 2026, a credit shall be allowed against the
41 income tax liability imposed upon an eligible employer pursuant to the
42 Kansas income tax act that employs an apprentice pursuant to a registered
43 apprenticeship agreement and in accordance with a registered

1 apprenticeship plan for at least ~~seven consecutive months during the~~
2 ~~calendar year preceding the taxable year for which the credit is claimed~~ **all**
3 **or a portion of the probationary period, as defined for that**
4 **apprenticeship in the registered apprenticeship program standards,**
5 **work process schedule otherwise known as appendix A or as**
6 **designated by the secretary, and so employs the apprentice at the time**
7 **such probationary period is completed. The tax credit shall be claimed**
8 **by such eligible employer for the taxable year in which the apprentice**
9 **completed the probationary period while employed by such eligible**
10 **employer or the taxable year next succeeding the calendar year in**
11 **which the apprentice completed the probationary period while**
12 **employed by such eligible employer, as determined by the secretary**
13 **and set forth in the agreement with the secretary pursuant to**
14 **subsection (d). Subsequent credits may be claimed for up to three**
15 **successive calendar years, or portions thereof, next succeeding the**
16 **date on which the probationary period of the apprentice was met, by**
17 **any eligible employer who subsequently employs such apprentice in all**
18 **or a portion of such year. Such credit shall be claimed by the eligible**
19 **employer for the taxable year in which the apprentice was employed**
20 **or the taxable year next succeeding the calendar year in which the**
21 **apprentice was employed as determined by the secretary and set forth**
22 **in the agreement with the secretary as provided by subsection (d). The**
23 **amount of the credit shall be up to \$2,500, as determined pursuant to**
24 **paragraph (2), for each apprentice so employed and may be awarded for up**
25 **to 20 apprentices employed in each taxable year per eligible employer. The**
26 **credit shall not be awarded for employment of the same apprentice more**
27 **than four times.**

28 (2) The secretary of revenue, in consultation with the secretary, shall
29 establish a scale reflecting ranges of wages and other expenditures an
30 eligible employer has invested in an apprentice and a corresponding tax
31 credit amount and shall award the tax credit in accordance with the scale.
32 The credit shall be approved and issued pursuant to subsection (d).

33 (b) For tax years commencing after December 31, 2025, a credit shall
34 be allowed against the income tax liability imposed upon an eligible
35 employer pursuant to the Kansas income tax act that employs an
36 apprentice pursuant to a registered apprenticeship agreement and in
37 accordance with a registered apprenticeship plan for a continuous period
38 of time constituting at least 25% of the apprenticeship time period required
39 by the registered apprenticeship program. The credit shall be taken in the
40 tax year **next** succeeding the calendar year in which the employment
41 requirement to claim the credit is met. The credit may subsequently be
42 taken in successive tax years based on up to a cumulative total of four
43 successive calendar years of employment for an individual apprentice. The

1 amount of the credit shall be up to \$2,750 for each apprentice employed,
2 not to exceed 20 such credits for apprenticeships in any taxable year per
3 eligible employer. The secretary may authorize a credit for employment of
4 less than a full calendar year pursuant to rules and regulations adopted by
5 the secretary of commerce. The credit shall be approved and issued
6 pursuant to subsection (d).

7 (c) (1) An eligible employer may be allowed a credit as provided by
8 paragraph (2) that shall be in addition to a credit allowed for an apprentice
9 pursuant to subsection (b) if the apprentice:

10 (A) Is enrolled in a secondary or postsecondary career and technical
11 education program;

12 (B) is under 18 years of age at the time the credit is claimed;

13 (C) has been employed by the eligible employer for at least 90 days;
14 and

15 (D) is participating in:

16 (i) An apprenticeship program registered with the secretary and
17 funded through the Carl D. Perkins career and technical education act of
18 2006, public law 109-270, as revised by the strengthening career and
19 technical education for the 21st century act, public law 115-224;

20 (ii) an adult basic education and literacy program funded under title II
21 of the workforce innovation and opportunity act, public law 113-128; or

22 (iii) a public workforce program funded under title I and title III of
23 the workforce innovation and opportunity act, public law 113-128.

24 (2) Each such credit shall not exceed \$500. **The tax credit shall be**
25 **claimed in the taxable year next succeeding the calendar year in which**
26 **the requirements to claim the credit are met.** An eligible employer shall
27 not claim more than 10 credits under this subsection in a tax year. The
28 credit shall be approved and issued pursuant to subsection (d).

29 (d) (1) Tax credits pursuant to subsections (a), (b) and (c) shall not be
30 refundable or transferable. The credits may be claimed on a pro-rata basis
31 by the owners of eligible employers that are entities taxed under
32 subchapter S or K of the federal internal revenue code, limited liability
33 companies or professional corporations authorized to do business in this
34 state. ~~An eligible employer shall claim a credit for a tax year based on~~
35 ~~employment of apprentices occurring in the preceding calendar year. The~~
36 ~~aggregate amount of all tax credits for all eligible employers issued~~
37 ~~pursuant to this section shall not exceed \$7,500,000 each taxable year.~~
38 ~~The cumulative aggregate amount of all tax credits for all eligible~~
39 ~~employers issued pursuant to this section in addition to all grants~~
40 ~~awarded pursuant to section 4, and amendments thereto, shall not~~
41 ~~exceed \$7,500,000~~ **\$10,000,000** each taxable year.

42 (2) To be eligible for a tax credit under this section, the eligible
43 employer shall enter into an agreement regarding the employment of

1 apprentices with the secretary on such terms and conditions as the
2 secretary may require. The agreement shall set forth the amount per credit
3 or amount of cumulative credits an employer may earn based on specified
4 conditions or attainment of specified employment or training goals and
5 any other conditions for such credits consistent with the purposes of this
6 act. If applicable, the agreement shall set forth the relevant provisions of
7 the scale provided by subsection (a)(2). The agreement shall also require
8 that the eligible employer provide such information as required by the
9 secretary or the secretary of revenue for purposes of substantiating
10 eligibility for the tax credit, the development and expansion of
11 apprenticeships in this state and the report required by subsection (g). Such
12 agreements shall be made by the secretary with the goal of developing and
13 expanding apprenticeships in this state. The secretary shall advise the
14 secretary of revenue of the potential tax credits available to the eligible
15 employer. The secretary shall consult with the secretary of revenue, the
16 Kansas postsecondary technical education authority and educational
17 institutions, technical schools, secondary schools, business or industry
18 associations and other appropriate entities to coordinate implementation,
19 administration and development of apprenticeship programs in this state,
20 including through the use of tax credits as provided by this section.

21 (3) If an agreement as required by paragraph (2) is approved by the
22 secretary, the eligible employer shall submit such information in the
23 manner and form as required by the secretary and the secretary of revenue
24 to demonstrate eligibility for the credit each tax year a credit is claimed.
25 No tax credit shall be awarded by the secretary of revenue unless the
26 secretary of commerce has certified the eligible employer to the secretary
27 of revenue as having met the requirements for such credit pursuant to this
28 section and in compliance with all federal and state requirements for the
29 registered apprenticeship program and registered apprenticeship
30 agreement. To receive a credit, the eligible employer shall also meet the
31 requirements of any rules and regulations of the secretary of revenue or the
32 secretary of commerce.

33 (e) The participation of an employee with an apprenticeship program
34 under this ~~section~~ act and registration with the secretary shall not
35 constitute union affiliation, unless the employee expressly elects to
36 affiliate with a union.

37 (f) The secretary of commerce or the secretary of revenue may adopt
38 rules and regulations as necessary to establish standards for participation
39 and eligibility and to implement and administer this ~~section~~ act.

40 (g) The secretary shall provide an annual report before January 31 of
41 each year to the house of representatives standing committee on
42 commerce, labor and economic development and the senate standing
43 committee on commerce to account for the effectiveness of the

1 apprenticeship program under this ~~section~~ **act**. The report shall include
2 information regarding the number and type of eligible employers, **eligible**
3 **nonprofit employer and eligible healthcare employer** the number and
4 type of apprenticeships incentivized, the ~~amount~~ **cumulative** amount of tax credits
5 **and grants** issued and the ~~amount~~ **amounts** issued per industry and per
6 eligible employer, **eligible nonprofit employers and eligible healthcare**
7 **employers** results of the program including information on the
8 employment of individuals following participation in an apprenticeship
9 program, the extent and nature of coordination and efforts with other
10 entities to develop apprenticeship programs, the effect of such efforts and
11 the tax credits **and grants** on apprenticeship program development and
12 such other information as requested by the respective committees.

13 **Sec. 4. (a) There is hereby established the Kansas nonprofit**
14 **apprenticeship grant program. The secretary is authorized to develop**
15 **and administer the program to award grants to eligible nonprofit**
16 **employers and eligible nonprofit healthcare employers that employ an**
17 **apprentice pursuant to a registered apprenticeship agreement and in**
18 **accordance with a registered apprenticeship plan for the purpose of**
19 **covering administrative costs of registered apprenticeship programs,**
20 **including program development costs, costs of meeting reporting**
21 **obligations and other administrative costs. To be eligible for such**
22 **grants, an eligible nonprofit employer or eligible nonprofit healthcare**
23 **employer shall enter into an agreement with the secretary to employ**
24 **an apprentice for at least the same period of time as provided under**
25 **section 3(a)(1) or (b), and amendments thereto, as applicable at the**
26 **time the apprentice is employed, for an eligible employer to receive a**
27 **tax credit. As provided for eligible employers by section 3(b), and**
28 **amendments thereto, the secretary may authorize employment of an**
29 **apprentice for less than a full year.**

30 **(b) Grants shall be awarded by the secretary in an amount of up**
31 **to \$2,750 per apprenticeship per taxable year, as determined by the**
32 **secretary and set forth in the agreement pursuant to subsection (d),**
33 **not to exceed four successive years. Grants shall be limited to not**
34 **more than 20 per eligible nonprofit employer or per eligible nonprofit**
35 **healthcare employer per taxable year.**

36 **(c) The secretary shall develop application procedures, forms and**
37 **grant award terms, conditions and criteria in accordance with the**
38 **purposes of the grant program. The secretary shall consult with**
39 **appropriate state agencies, institutions, nonprofit organizations and**
40 **associations, private healthcare associations, nonprofit Kansas**
41 **healthcare providers and other appropriate entities in developing the**
42 **grant program and grant award criteria and priorities. Grants shall**
43 **be awarded pursuant to an agreement with the eligible nonprofit**

1 employer or eligible nonprofit healthcare employer upon such terms
2 and conditions as the secretary may require consistent with the
3 purposes of the program. Such terms and conditions may include
4 program development, employment or training goals in addition to
5 specified employment requirements with respect to an apprentice or
6 apprentices.

7 (d) There is hereby established in the state treasury the Kansas
8 nonprofit apprenticeship grant program fund to be administered by
9 the secretary of commerce. All moneys credited to such fund shall be
10 used to provide grants for the administration of apprenticeship
11 programs by eligible nonprofit employers and eligible nonprofit
12 healthcare employers in the state of Kansas as provided by this section
13 and the administration of such fund. All expenditures from such fund
14 shall be made in accordance with the provisions of appropriation acts
15 and upon warrants of the director of accounts and reports issued
16 pursuant to vouchers approved by the secretary of commerce or the
17 secretary's designee.

18 (e) Subject to appropriation acts, on July 1, 2023, and each July 1
19 thereafter, the director of accounts and reports shall transfer
20 \$2,500,000 from the state general fund to the Kansas nonprofit
21 apprenticeship grant program fund. Any unexpended balance in such
22 fund at the close of a fiscal year shall remain credited to the fund for
23 use in the succeeding fiscal year, except that the amount of all tax
24 credits issued to all eligible employers pursuant to section 3, and
25 amendments thereto, in addition to the amount of all grants issued
26 pursuant to this section, shall not exceed a total aggregate amount of
27 \$10,000,000 in each taxable year, as provided by section 3(d)(1), and
28 amendments thereto.

29 ~~Sec. 4.~~ 5. This act shall take effect and be in force from and after its
30 publication in the statute book.