

1 SB295
2 199819-4
3 By Senators Orr, Holley, Stutts, Allen and Givhan
4 RFD: Finance and Taxation Education
5 First Read: 16-APR-19

1 SB295

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4 ENROLLED, An Act,

5 To establish the Alabama Industry Recognized and
6 Registered Apprenticeship Program Act; to establish the
7 Alabama Office of Apprenticeship to certify certain registered
8 and industry recognized apprenticeship programs; to develop
9 the Alabama Registered and Industry Recognized Apprenticeship
10 Program; to provide incentives to employers who hire
11 apprentices; to offer a nationally recognized state
12 apprenticeship credential; to amend Sections 40-18-422,
13 40-18-423, and 40-18-424 of the Code of Alabama 1975, relating
14 to the Apprenticeship Tax Credit Act of 2016; to increase the
15 per capita apprenticeship tax credit from \$1,000 to \$1,250,
16 increase the aggregate apprenticeship tax credit from
17 \$3,000,000 to \$7,500,000, provide a \$500 per capita incentive
18 tax credit for hiring in school youth apprentices; to extend
19 the apprenticeship tax credit through 2025; and to clarify
20 that the State Department of Education shall continue to be
21 the eligible agency to receive and administer career and
22 technical education funding under the Perkins Act.

23 BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

1 Section 1. Sections 1 to 7, inclusive, shall be
2 known and may be cited as the Alabama Industry Recognized and
3 Registered Apprenticeship Program Act.

4 Section 2. For the purposes of Sections 1 to 7,
5 inclusive, the following terms shall have the following
6 meanings:

7 (1) APPRENTICE. A worker who is at least 16 years of
8 age, except where a higher minimum age standard is otherwise
9 fixed by law, who is employed to learn an apprenticeable
10 occupation as provided in 29 CFR 29.4.

11 (2) APPRENTICESHIP AGREEMENT. A written agreement
12 between an apprentice and either the apprenticeship program
13 sponsor, or an apprenticeship committee acting as agent for
14 the apprenticeship program sponsor or sponsors, which contains
15 the terms and conditions of the employment and training of the
16 apprentice in conformance with 29 CFR 29 and Section
17 40-18-421, Code of Alabama 1975.

18 (3) APPRENTICESHIP PROGRAM. A plan containing all
19 terms and conditions for the qualification, recruitment,
20 selection, employment, and training of apprentices, as
21 required under the federal guidelines in CFR Title 29,
22 Subtitle A, parts 29 and 30, U.S.C. §50, for apprenticeship
23 programs certified by the Alabama Office of Apprenticeship,
24 and the rules adopted by the Alabama Office of Apprenticeship,

1 including such matters as the requirement for a written
2 apprenticeship agreement.

3 (4) CANCELLATION. The termination of the
4 registration or approval status of an apprenticeship program
5 at the request of the sponsor, or termination of an
6 apprenticeship agreement at the request of the apprentice.

7 (5) CERTIFICATION or CERTIFICATE. The written
8 approval by the Alabama Office of Apprenticeship of a set of
9 apprenticeship standards or of an individual for employment as
10 an apprentice or probationary apprentice in a registered
11 apprenticeship program or proof that an apprentice has
12 successfully met the requirements to receive an interim
13 credential.

14 (6) DEREGISTRATION. The termination of the
15 registration or approval status of an apprenticeship program
16 upon written request of the sponsor or upon cause by the
17 Alabama Office of Apprenticeship instituting formal
18 deregistration proceedings.

19 (7) ELIGIBLE EMPLOYER. The same meaning as provided
20 in Section 40-18-421, Code of Alabama 1975.

21 (8) EMPLOYER. Any person or organization employing
22 an apprentice, whether or not the person or organization is a
23 party to an apprenticeship agreement with the apprentice.

24 (9) FEDERAL PURPOSES. Any action related to a
25 federal contract, grant, agreement, or arrangement dealing

1 with an apprenticeship. The term includes any federal
2 financial or other assistance, benefit, privilege,
3 contribution, allowance, exemption, preference, or right
4 pertaining to an apprenticeship.

5 (10) GOVERNOR. The chief executive of this state.

6 (11) INDUSTRY-RECOGNIZED APPRENTICESHIP. A high
7 quality apprenticeship program that includes a paid work
8 component and an educational or instructional component
9 wherein an individual obtains workplace relevant knowledge and
10 skills developed or delivered by third parties, including
11 trade and industry groups, companies, nonprofit organizations,
12 educational institutions, unions, and joint labor management
13 organizations.

14 (12) IN SCHOOL YOUTH. A youth described in Section
15 129(a)(1)(C) of the federal Workforce Innovation and
16 Opportunity Act.

17 (13) ON-THE-JOB TRAINING. Training by an employer
18 that is provided to a paid participant while engaged in
19 productive work in a job that provides knowledge or skills
20 essential to the full and adequate performance of the job; is
21 made available through a program that provides reimbursement
22 to the employer of up to 50 percent of the wage rate of the
23 participant, except as provided in Section 134(c)(3)(H) of the
24 federal Workforce Innovation and Opportunity Act, for the
25 extraordinary costs of providing the training and additional

1 supervision related to the training; and is limited in
2 duration as appropriate to the occupation for which the
3 participant is being trained, taking into account the content
4 of the training, the prior work experience of the participant,
5 and the service strategy of the participant, as appropriate.

6 (14) REGISTERED APPRENTICESHIP. A formal, on-the-job
7 training program registered by the Alabama Office of
8 Apprenticeship that includes all of the following:

- 9 a. Employer involvement.
- 10 b. On-the-job training.
- 11 c. Related technical instruction.
- 12 d. Paid work experience.
- 13 e. A portable, nationally recognized industry
14 credential.

15 (15) REGISTERED PREAPPRENTICESHIP. A program or set
16 of strategies, registered by the Alabama Office of
17 Apprenticeship, including basic skills training, academic
18 skills remediation, or introduction to the industry, designed
19 to prepare individuals for entry into an apprenticeship
20 program.

21 (16) REGISTERED YOUTH APPRENTICESHIP. A program that
22 is designed specifically for individuals aged 16 to 18,
23 inclusive, registered by the Alabama Office of Apprenticeship,
24 and is connected to an adult apprenticeship.

1 (17) REGISTRATION AGENCY. The agency that has
2 responsibility for registering apprenticeship programs and
3 apprentices, providing technical assistance, and conducting
4 review for compliance with existing state law and the state
5 plan for equal employment opportunities.

6 (18) REQUIRED TECHNICAL INSTRUCTION. An organized
7 and systematic form of instruction designed to provide the
8 apprentice with knowledge of the theoretical and technical
9 subjects related to the occupation of the apprentice. The
10 instruction may be given in a classroom, through occupational
11 or industrial courses, or by correspondence courses of
12 equivalent value, electronic media, or other forms of
13 self-study for registered and industry-recognized
14 apprenticeship programs certified by the Alabama Office of
15 Apprenticeship. The sponsor shall be responsible for the
16 administration and supervision of related and supplemental
17 instruction for apprentices and coordination of the
18 instruction with job experience.

19 (19) SPONSOR. Any person, association, committee, or
20 organization operating a preapprenticeship, youth registered
21 apprenticeships, youth industry-recognized apprenticeship
22 programs, registered apprenticeships, and industry-recognized
23 apprenticeship programs.

24 (20) STATE APPRENTICESHIP AGENCY. The Alabama Office
25 of Apprenticeship.

1 (21) STATE APPRENTICESHIP INTERMEDIARY. The Alabama
2 Community College System shall be the intermediary and shall
3 provide required technical instruction and technical
4 assistance for implementing on-the-job training for all
5 apprenticeable programs certified by the Alabama Office of
6 Apprenticeship with the consent of the sponsor.

7 (22) VETERAN. The meaning given the term in Section
8 101 of Title 38, United States Code.

9 (23) WORK BASED LEARNING. Sustained interactions
10 with industry or community professionals in real workplace
11 settings, to the extent practicable, or simulated environments
12 at an educational institution that foster in-depth, first-hand
13 engagement with the tasks required of a given career field,
14 that are aligned to curriculum and instruction.

15 Section 3. (a) There is established the Alabama
16 Office of Apprenticeship as a part of the Workforce
17 Development Division of the Department of Commerce, in
18 accordance with 29 U.S.C. 50, 29 CFR 29 and 30, and Article
19 20, commencing with Section 40-18-420, of Chapter 18, Title
20 40, Code of Alabama 1975, the Apprenticeship Tax Credit Act of
21 2016. The Alabama Office of Apprenticeship is established for
22 all of the following purposes:

23 (1) To exercise nonexclusive authority to determine
24 whether an apprenticeship program conforms to the regulations
25 published in 29 CFR 29 and 30.

1 (2) To set forth labor standards necessary to
2 safeguard the welfare of apprentices.

3 (3) To establish policies and procedures for the
4 registration and deregistration of preapprenticeships, youth
5 registered apprenticeships, and registered apprenticeships.

6 (4) To serve as the registration agency for
7 preapprenticeships, youth registered apprenticeships,
8 registered apprenticeships, and industry-recognized
9 apprenticeships in the state when the sponsor of such programs
10 chooses to certify or register the programs with the Alabama
11 Office of Apprenticeship.

12 (5) To resolve disputes arising between the parties
13 involved in an apprenticeship agreement registered by the
14 Alabama Office of Apprenticeship.

15 (b) The Alabama Office of Apprenticeship shall be
16 maintained under the direction of the Deputy Secretary of the
17 Workforce Development Division of the Department of Commerce.
18 The deputy secretary, with the advice and consent of the
19 Alabama Apprenticeship Council created pursuant to Section 6,
20 may appoint a director for the Alabama Office of
21 Apprenticeship, who shall serve at the pleasure of the deputy
22 secretary, shall manage the Alabama Office of Apprenticeship,
23 and shall perform such duties as necessary to effectuate the
24 intent of Sections 1 to 7, inclusive.

1 (c) The deputy secretary, no later than June 30,
2 2019, with the advice and consent of the Alabama
3 Apprenticeship Council, shall submit to the United States
4 Secretary of Labor and the Administrator of the national
5 Office of Apprenticeship, in accordance with 29 CFR 29.13(a),
6 an application to recognize the Alabama Office of
7 Apprenticeship as a state apprenticeship agency that shall
8 comply with 29 CFR 29.13(a)-(c). The application for
9 recognition as a state apprentice agency, submitted by the
10 deputy secretary, shall include all of the following elements:

11 (1) A description of policies and operating
12 procedures that depart from, or impose requirements in
13 addition to, 29 CFR 29.

14 (2) A state plan for equal employment opportunity in
15 apprenticeship that conforms to the requirements published in
16 29 CFR 30.

17 (3) A description of the basic standards, criteria,
18 requirements for program registration or approval, or both,
19 and a demonstration of the linkages and coordination with the
20 economic development and publicly funded workforce investment
21 system of the state.

22 (4) A description of how the Alabama Office of
23 Apprenticeship will utilize the Alabama Apprenticeship
24 Council.

1 (5) A description of respective powers of the
2 Alabama Office of Apprenticeship and the Alabama
3 Apprenticeship Council.

4 (6) A description of the required contents of
5 apprenticeship agreements, in conformity with 29 CFR 29.7.

6 (7) A plan to ensure that the registration of
7 apprenticeship programs occurs only in apprenticeable
8 occupations, as provided in 29 CFR 29.4, including occupations
9 in high growth and high demand industries, including a
10 description of how the Alabama Office of Apprenticeship will
11 expand apprenticeship opportunities in apprenticeable
12 occupations listed on the regional and statewide list of
13 in-demand career pathways.

14 (8) A plan to accord reciprocal approval, for
15 federal purposes, to apprentices, apprenticeship programs, and
16 standards that are registered in other states by the national
17 Office of Apprenticeship or a registration agency, if such
18 reciprocity is requested by the apprenticeship program
19 sponsor. Program sponsors seeking reciprocal approval shall
20 meet wage and hour provisions and apprentice ratio standards
21 of this state.

22 (9) A plan providing for the cancellation or
23 deregulation, or both, of programs, for temporary suspension,
24 cancellation, or deregistration, or any of these, of
25 apprenticeship agreements.

1 Section 4. (a) The Alabama Office of Apprenticeship,
2 with the advice and consent of the Alabama Apprenticeship
3 Council, shall develop a nationally recognized state
4 apprenticeship completion credential, as described in 29 CFR
5 29.5, for completing a registered or industry-recognized
6 apprenticeship program registered with the Alabama Office of
7 Apprenticeship.

8 (b) The Alabama Office of Apprenticeship may certify
9 industry-recognized apprenticeships, registered with the
10 Alabama Office of Apprenticeship, as eligible training
11 providers for the purpose of the federal Workforce Innovation
12 and Opportunity Act, P.L. 113-128, and may deliver services to
13 registered apprenticeship participants with qualifying
14 training accounts under Title I of the federal Workforce
15 Innovation and Opportunity Act, P.L. 113-128, through the
16 eligible training provider list of each regional workforce
17 development board.

18 (c) The Alabama Office of Apprenticeship, with the
19 advice and consent of the Alabama Apprenticeship Council and
20 pursuant to the Alabama Administrative Procedure Act, may
21 adopt rules as necessary to effectuate the intent of this act,
22 and those rules shall conform to the published apprenticeship
23 guidelines in 29 CFR 20 and 30.

24 (d) The Alabama Office of Apprenticeship, with the
25 advice and consent of the Alabama Apprenticeship Council, may

1 approve apprenticeship programs that are mandated by state or
2 federal law as a result of the apprenticeship sponsor
3 receiving funds or resources from the state, or funds or
4 resources from the federal government, which require the
5 creation of an apprenticeship program in accordance with a
6 federal grant administered by the state, including contracts,
7 grants, loans, tax abatements or exemptions, land transfers,
8 land disposition and development agreements, tax increment
9 financing, or any combination thereof.

10 (e) The Alabama Office of Apprenticeship shall
11 establish competency based apprenticeship frameworks based on
12 the regional and statewide compendia of valuable credentials
13 created by the Alabama Workforce Council Committee on
14 Credentialing and Career Pathways. The Alabama Office of
15 Apprenticeship shall establish competency based apprenticeship
16 frameworks for each occupation listed on a regional and
17 statewide list of in-demand career pathways.

18 (f) The Alabama Committee on Credentialing and
19 Career Pathways shall be charged with analyzing primary and
20 secondary labor market data and data from the Alabama Terminal
21 on Linking and Analyzing Statistics on Career Pathways to
22 determine, annually, among the 16 career clusters and 79
23 associated career pathways, which career pathways are in-
24 demand at the regional and state level.

1 (g) The Alabama Committee on Credentialing and
2 Career Pathways by majority vote of a present quorum, shall
3 provide recommendations for appointment to the Governor, who
4 shall appoint a technical advisory committee for each of the
5 16 career and technical education career clusters.

6 (h) Each technical advisory committee shall conform
7 to all of the following parameters:

8 (1) Each shall be composed of seven members who
9 shall possess experience in education, workforce, or economic
10 development in the industry segment for which the technical
11 advisory committee is formed.

12 (2) Each shall maintain a majority of workforce and
13 economic development representatives.

14 (3) No later than June 30, 2020, each of the 16
15 technical advisory committees shall create an industry
16 competency model and competency-based career lattice for,
17 based on the United States Department of Labor's Career
18 Pathways Toolkit and Competency Model Clearinghouse, each
19 O*NET occupation code within that technical advisory
20 committee's career clusters and respective career pathways
21 with three or more stars on a regional or statewide in-demand
22 career pathways list. The Alabama Committee on Credentialing
23 and Career Pathways, annually, shall create statewide and
24 regional compendia of valuable credentials, derived from the
25 statewide and regional lists of in-demand career pathways.

1 (i) The Alabama Workforce Council Committee on
2 Credentialing and Career Pathways shall be composed of all of
3 the following:

4 (1) The cochairs of the committee shall be the
5 Chancellor of the Alabama Community College System and the
6 State Superintendent of Education.

7 (2) The membership of the committee shall be
8 composed of all of the following ex officio members and
9 appointees, or their designees:

10 a. The Governor.

11 b. The Chair of the Alabama Workforce Council.

12 c. The Chair of the Alabama Workforce Development
13 Board.

14 d. The State Superintendent of Education.

15 e. The Chancellor of the Alabama Community College
16 System.

17 f. The Secretary of the Alabama Department of Labor.

18 g. The Secretary of the Alabama Department of
19 Commerce, Division of Workforce Development.

20 h. The Executive Director of the Alabama Commission
21 on Higher Education.

22 i. The President of the Alabama Council of College
23 and University Faculty Presidents.

24 j. Seven members appointed by the Governor, from
25 each of the seven workforce regions, each of whom shall be a

1 member of a regional workforce council or a local workforce
2 development board.

3 Section 5. (a) The Alabama Office of Apprenticeship,
4 in consultation with the Governor's Office of Education and
5 Workforce Transformation, the P-20W Council, the Alabama
6 Workforce Council Committee on Credentialing and Career
7 Pathways, the State Department of Education, the Alabama
8 Community College System, the Alabama Workforce Council, the
9 regional workforce councils, the State Workforce Development
10 Board, and the local workforce development boards, to the
11 maximum extent practicable and permissible under state and
12 federal law, shall align the required technical instruction
13 and on-the-job training required for the completion of
14 registered and industry-recognized apprenticeship programs in
15 the state offered to career and technical education
16 concentrators to the regional and statewide lists of in-demand
17 career pathways credentials and to the two-prong career
18 pathways model created by the Alabama Workforce Council
19 Committee on Credentialing and Career Pathways.

20 (b) The Alabama Office of Apprenticeship, in
21 consultation with the Governor's Office of Education and
22 Workforce Transformation, the P-20W Council, the Alabama
23 Workforce Council Committee on Credentialing and Career
24 Pathways, the State Department of Education, the Alabama
25 Community College System, the Alabama Workforce Council, the

1 regional workforce councils, the State Workforce Development
2 Board, and the local workforce development boards, shall
3 develop the Alabama Industry Recognized and Registered
4 Apprenticeship (AIRRAP) model that shall be aligned to the
5 regional and statewide lists of in-demand career pathways, to
6 the regional and statewide compendia of valuable credentials,
7 and to the two-pronged career pathways model created by the
8 Alabama Workforce Council Committee on Credentialing and
9 Career Pathways. The AIRRAP model shall conform to all of the
10 following parameters:

11 (1) Beginning in 9th grade, students may participate
12 in preapprenticeship programs aligned to career pathways and
13 credentials designated as valuable by the state compendium of
14 valuable credentials. During 10th, 11th, and 12th grade,
15 students may participate in youth registered apprenticeships
16 and industry-recognized apprenticeship programs. AIRRAP model
17 graduates may earn their high school diploma, associate
18 degree, industry-recognized credentials, and an apprenticeship
19 credential at the time of high school graduation. Students
20 participating in youth apprenticeships may also participate in
21 dual enrollment courses at a community college. The State
22 Department of Education and the Alabama Community College
23 System shall collaborate to streamline articulation agreements
24 among career pathways participating in the AIRRAP model to
25 ensure a seamless transition between high school and community

1 college. The Alabama Office of Apprenticeship shall promote
2 dual enrollment and postsecondary graduation credit for
3 work-based learning credits earned while participating in
4 secondary in school youth AIRRAP model programs.

5 (2) The Alabama Office of Apprenticeship and the
6 Alabama Community College System shall promote apprenticeship
7 programs for individuals who are coenrolled in adult basic
8 education programs and postsecondary career and technical
9 education programs to ensure that individuals who are
10 disengaged from the workforce are able to gain access to
11 education and training programs, with multiple points of entry
12 and exit, with a focus on targeting the underemployed,
13 historically underrepresented subgroups, the formerly
14 incarcerated, out-of-school youth, recipients of temporary
15 assistance for needy families, supplemental security income,
16 or supplemental nutritional assistance programs, the long-term
17 unemployed, those recovering from substance abuse, veterans,
18 displaced homemakers, and other special populations and
19 subgroups. The Alabama Office of Apprenticeship shall promote
20 the use of the federal workforce opportunity tax credit to
21 hire eligible AIRRAP model participants. The Alabama Office of
22 Apprenticeship in cooperation with the Alabama Community
23 College System and the State Department of Education, may
24 establish an awards and recognition program for employers who
25 hire in school youth and adult AIRRAP model participants.

1 Section 6. (a) The Alabama Apprenticeship Council,
2 which shall be composed of public and private persons
3 representing employer and employee organizations that are
4 familiar with apprenticeable occupations, is established. All
5 appointing authorities shall coordinate their appointments so
6 that diversity of gender, race, and geographical areas is
7 reflective of the makeup of this state. The membership of the
8 council shall consist of all of the following:

9 (1) The Governor, who shall serve as ex officio
10 chair of the council.

11 (2) The Lieutenant Governor.

12 (3) The President Pro Tempore of the Senate.

13 (4) The Speaker of the House of Representatives.

14 (5) The Chancellor of the Alabama Community College
15 System.

16 (6) The State Superintendent of Education.

17 (7) The Chair of the Alabama Workforce Development
18 Board.

19 (8) The Chair of the Alabama Workforce Council.

20 (9) Nine members appointed by the Governor, and
21 confirmed by the Senate, for a renewable term of service. The
22 Governor shall assure that the membership of the council is
23 inclusive and reflects the racial, gender, geographic, urban,
24 rural, and economic diversity of the state. The members of the

1 council appointed pursuant to this subdivision shall satisfy
2 all of the following qualifications:

3 a. Three members shall be representatives of
4 employer organizations.

5 b. Three members shall be public representatives who
6 are members of employee or employer organizations.

7 c. Three members shall be representatives of
8 employee organizations.

9 (b) The initial term of office of the nine members
10 appointed to the council by the Governor shall be designated
11 at the time of initial appointment by the Governor as follows:

12 (1) Three members, consisting of one member
13 appointed pursuant to each of paragraphs a., b., and c. of
14 subdivision (9) of subsection (a), shall be appointed for an
15 initial term of one year. Successor members shall be appointed
16 for terms of three years.

17 (2) Three members, consisting of one member
18 appointed pursuant to each of paragraphs a., b., and c. of
19 subdivision (9) of subsection (a), shall be appointed for an
20 initial term of two years. Successor members shall be
21 appointed for terms of three years.

22 (3) Three members, consisting of one member
23 appointed pursuant to each of paragraphs a., b., and c. of
24 subdivision (9) of subsection (a), shall be appointed for an

1 initial term of three years. Successor members shall be
2 appointed for terms of three years.

3 (c) Vacancies shall be filled by appointment of the
4 Governor. The person appointed to fill a vacancy shall possess
5 the same qualifications as the original appointment and shall
6 hold office for the unexpired term and until his or her
7 successor is appointed.

8 (d) The Alabama Apprenticeship Council shall serve
9 in a regulatory capacity to the Alabama Office of
10 Apprenticeship for all of the following functions:

11 (1) The approval of apprenticeship standards
12 satisfying the requirements published in 29 CFR 29.

13 (2) Ensuring compliance of equal employment
14 opportunity in apprenticeship, as defined in 29 CFR 30.

15 (3) Resolving disputes arising between the parties
16 to an apprenticeship agreement.

17 (4) Providing recommendations to deregister,
18 suspend, or cancel apprenticeship programs that are not
19 compliant with state and federal apprenticeship regulations,
20 as published in 29 CFR 29 and Article 20, commencing with
21 Section 40-18-420, of Chapter 18, Title 40, Code of Alabama
22 1975, the Apprenticeship Tax Credit Act of 2016.

23 (5) Providing community outreach and education on
24 the benefits of apprenticeship.

1 (6) Assisting in the formulation of policies that
2 concede the effective administration of apprenticeship
3 programs.

4 Section 7. (a) Nothing in Sections 1 to 7,
5 inclusive, of this act shall require the sponsors of
6 nonregistered preapprenticeships, youth apprenticeships, and
7 industry-recognized apprenticeships, including state agencies,
8 colleges and universities, and business and industry sponsors
9 to certify such programs with the Alabama Office of
10 Apprenticeship.

11 (b) Nothing in Sections 1 to 7, inclusive, of this
12 act shall be interpreted as a mandate to hinder funds duly
13 distributed to a state agency, college or university, or any
14 other entity receiving state or federal funds in support of
15 apprenticeship activities.

16 (c) The Alabama Office of Apprenticeship, with the
17 consent of the sponsor, shall permit the State Apprenticeship
18 Intermediary to provide the required technical instruction and
19 technical assistance, including the implementation of the
20 competency models established in subdivision (3) of subsection
21 (h) of Section 4 that are aligned to the on-the-job training
22 for apprenticeship programs registered or certified by the
23 Alabama Office of Apprenticeship.

1 (d) The State Department of Education shall continue
2 to be the eligible agency to receive and administer career and
3 technical education funding under the Perkins Act.

4 Section 8. Sections 40-18-422, 40-18-423, and
5 40-18-424 of the Code of Alabama 1975, are amended to read as
6 follows:

7 "§40-18-422.

8 "(a) ~~Am~~ For tax years beginning on or after January
9 1, 2017, through the tax year beginning January 1, 2019, an
10 Alabama income tax credit is ~~hereby established~~ allowed for
11 eligible employers that employ an apprentice for at least
12 seven full months of the prior taxable year. The credit shall
13 equal up to one thousand dollars (\$1,000) for each apprentice
14 employed, not to exceed five apprentices employed. The
15 Department of Revenue, in consultation with the Workforce
16 Development Division of the Department of Commerce, shall
17 establish a scale reflecting ranges of amounts of money an
18 employer has invested in an eligible apprentice and a
19 corresponding tax credit amount and shall award the tax credit
20 in accordance with this scale following confirmation from the
21 Workforce Development Division that the apprentice for whom
22 the credit is claimed is in compliance with all federal and
23 state requirements for the apprenticeship program. The credit
24 shall not be available for an individual apprentice for more
25 than four taxable years.

1 "(b) For tax years beginning on or after January 1,
2 2020, eligible employers that employ an apprentice for at
3 least seven full months of the prior taxable year shall
4 receive a credit equal to one thousand two hundred fifty
5 dollars (\$1,250) for each apprentice employed, not to exceed
6 10 apprentices employed. The Department of Revenue, in
7 consultation with the Workforce Development Division of the
8 Department of Commerce and the Alabama Office of
9 Apprenticeship, shall establish a scale reflecting ranges of
10 amounts of money an employer has invested in an eligible
11 apprentice and a corresponding tax credit amount and shall
12 award the tax credit in accordance with this scale following
13 confirmation from the Workforce Development Division and the
14 Alabama Office of Apprenticeship that the apprentice for whom
15 the credit is claimed is in compliance with all federal and
16 state requirements for the apprenticeship program. The credit
17 shall not be available for an individual apprentice for more
18 than four taxable years.

19 "(c) For each credit claimed for each qualified
20 apprentice under subsection (b) associated with an apprentice
21 enrolled in a secondary or postsecondary career and technical
22 education program, who is under the age of 18 at the time the
23 credit is claimed, and who is participating in a youth
24 registered or industry-recognized apprenticeship program
25 registered with the Alabama Office of Apprenticeship and

1 funded through either the Carl D. Perkins Career and Technical
2 Education Act of 2006, P.L. 109-270, as revised by the
3 Strengthening Career and Technical Education for the 21st
4 Century Act, P.L. 115-224, adult basic education and literacy
5 programs funded under Title II of the Workforce Innovation and
6 Opportunity Act, P.L. 113-128, or public workforce programs
7 funded under Title I and Title III of the Workforce Innovation
8 and Opportunity Act, P.L. 113-128, may qualify for an
9 additional tax credit, not to exceed five hundred dollars
10 (\$500) to offset the costs associated with hiring each
11 apprentice who is under the age of 18, not to exceed the
12 aggregate cap of 10 apprentices hired, as provided in
13 subsection (b). An eligible employer under this subsection may
14 claim the additional tax credit described in this subsection
15 after employing an in school youth apprentice, who satisfies
16 the specifications provided in this subsection, for 90 days.

17 ~~"(b) (d)~~ The credit shall be allowed against the tax
18 imposed by Chapter 16 or Chapter 18 ~~of this title~~. This tax
19 credit shall not be allowed to decrease a taxpayer's tax
20 liability to less than zero. The credit is not refundable or
21 transferable. The credit shall be available, on a pro rata
22 basis, to the owners of qualified employers that are entities
23 taxed under subchapters S or K of the Internal Revenue Code or
24 limited liability companies or professional corporations
25 authorized to do business in this state. An employer applying

1 for a tax credit must apply each year to receive the credit
2 for the preceding calendar year.

3 ~~"(c)(e)~~ (e) The cumulative amount of tax credits issued
4 pursuant to this article shall not exceed ~~three million~~
5 ~~dollars (\$3,000,000)~~ seven million five hundred thousand
6 dollars (\$7,500,000) annually. The Department of Revenue shall
7 ensure that this cap is not exceeded, shall prescribe the
8 various methods by which these credits are to be issued, and
9 shall develop procedures to notify taxpayers at such points in
10 time when the tax credit caps in this subsection have been
11 reached for the applicable tax credit year.

12 ~~"(d)(f)~~ (f) If an employer employs an apprentice for
13 less than the full preceding calendar year, but for at least
14 210 days during the full preceding calendar year, then the
15 employer may apply for the full value of the credit ~~on a pro~~
16 ~~rata monthly basis beginning on the first day of the first~~
17 ~~full month of apprenticeship.~~

18 ~~"(e)(g)~~ (g) The Department of Revenue shall prescribe a
19 form to claim this credit that provides information to the
20 department sufficient for the proper administration of the
21 credit.

22 ~~"(f)(h)~~ (h) The participation of an employee with an
23 apprenticeship program under this article and registration
24 with the Alabama Office of Apprenticeship ~~of the Employment~~
25 ~~and Training Administration of the United States Department of~~

1 ~~Labor~~ shall not constitute union affiliation, unless the
2 employee expressly elects to affiliate with a union.

3 "§40-18-423.

4 "(a) The Alabama Office of Apprenticeship, under the
5 direction of the Workforce Development Division of the
6 Department of Commerce, ~~in coordination~~ with the consultation
7 of the Board of Trustees of the Alabama Community College
8 System or its designee, may adopt any rules necessary to
9 establish standards for participation and eligibility and to
10 implement and administer this article. The ~~division~~ Alabama
11 Office of Apprenticeship shall consult with the Department of
12 Revenue to coordinate implementation and administration of
13 this article.

14 "(b) The ~~division~~ Alabama Office of Apprenticeship
15 shall provide an annual report to the Chair of the House Ways
16 and Means Education Committee and the Chair of the Senate
17 Finance and Taxation Education Committee to account for the
18 effectiveness of the apprenticeship program under this
19 article.

20 "§40-18-424.

21 "The tax ~~credit~~ credits allowed under this article
22 shall be effective January 1, 2017, for the 2017 taxable year
23 and shall continue through the ~~2021~~ 2025 tax year, unless
24 extended by act of the Legislature."

1 Section 9. This act shall become effective on the
2 first day of the third month following its passage and
3 approval by the Governor, or its otherwise becoming law.

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President and Presiding Officer of the Senate

Speaker of the House of Representatives

SB295
Senate 02-MAY-19
I hereby certify that the within Act originated in and passed
the Senate, as amended.

Patrick Harris,
Secretary.

House of Representatives
Passed: 30-MAY-19

By: Senator Orr