



Larry Hogan | Governor
Boyd Rutherford | Lt. Governor
Kelly M. Schulz | Secretary of Commerce

DATE: February 14, 2020 **COMMITTEE:** House Ways and Means
BILL NO: House Bill 220
BILL TITLE: Income Tax Credit – Employment of Apprentices - Extension
POSITION: Support

The Maryland Department of Commerce supports House Bill 220 – Income Tax Credit – Employment of Apprentices - Extension.

Bill Summary:

HB 220 seeks to extend the termination date for the credit against the State income tax for the employment of an eligible apprentice from June 30, 2020, to June 30, 2025.

Background:

The More Jobs for Marylanders Act of 2017 created the Maryland Apprenticeship Tax credit for businesses or Registered Apprenticeship Sponsors which hire an eligible Registered Apprentice(s) for at least seven months during a taxable year. The employer may qualify for a \$1,000 tax credit for each eligible Registered Apprentice. Maryland Department of Labor (Labor) may provide certifications for up to \$500,000 annually. Maryland Department of Commerce (Commerce) assists in administering the tax credits.

As of November 2019, the Maryland Apprenticeship and Training Program has 10,711 registered apprentices, the highest participation rate in State history. There are currently 3,820 businesses and 158 program sponsors actively participating in the State’s program, which represents the highest participation since 2011. Registered Apprenticeship offers an “earn and learn” approach, giving employees the opportunity to have a full-time job, learn through a combination of on-the-job training and related instruction, and earn a salary.

Rationale:

The Registered Apprenticeship tax credit has been instrumental in Labor’s efforts to expand Registered Apprenticeship because it further incentivizes businesses to register occupations and hire apprentices. Applications for the credit and subsequent certifications are trending upwards as Maryland continues to grow this model. In tax year 2017, Labor issued 229 certifications for 57 unique businesses claiming credits totaling \$229,000, and 346 certifications to 69 unique businesses claiming credits totaling \$346,000 the following year, representing a 50% increase. If the rate of applications remains consistent, MD Labor anticipates that the maximum number of credits (500) will be issued in the coming year.

Commerce respectfully requests a favorable report on House Bill 220.