

TESTIMONY IN SUPPORT OF HB 220
Income Tax Credit - Employment of Apprentices – Extension

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Honorable Chair Kaiser, Vice Chair Washington, and esteemed members of the Committee, thank you for the opportunity to testify today in support of HB 220 “Income Tax Credit - Employment of Apprentices – Extension.” The Heating & Air Conditioning Contractors of Maryland (HACC) strongly supports this bill to extend the Registered Apprenticeship Tax Credit that helps Maryland employers enroll their workers in apprenticeship programs to get training and acquire necessary technical skills and experience for viable, well-paying careers in industries like ours.

I am Education Chair of HACC, a trade association for independent heating, ventilation, air conditioning and refrigeration (HVACR) contractors in Maryland. HACC has 145 member companies, many of them small businesses, representing an important part of Maryland’s skilled technical workforce. Our Association understands firsthand the importance of Registered Apprenticeships. Finding trained workers is the number one challenge that HACC member companies currently face. Appreciating the need for a highly skilled workforce in our industry, we established the HACC of Maryland Apprenticeship Program in 1996 to train technicians to work in HVACR. Our four-year program includes 4 years of classroom training (640 total hours) taught at Carroll Community College, Cecil College, Harford Community College, and Howard Community College; and 8,000 hours of on-the-job training. We currently have 270 students being trained to earn their Journeyman License from our program. HACC’s Apprenticeship Program provides structured and effective training and allows businesses to train their own skilled workers by enrolling their employees in the program.

Since the Apprenticeship Tax Credit was established in 2017, our member companies have been able to utilize the credit to train additional apprentices, resulting in more highly skilled technicians qualified to do the important work of installing, servicing, and maintaining HVACR systems in buildings across the state of Maryland, and allowing these workers to earn higher pay and find economic security.

HACC urges the House Ways and Means Committee to report HB 220 favorably to (1) ensure continued success of registered apprenticeships, (2) support Maryland businesses and the development of a highly skilled workforce in the state, and (3) prepare more Maryland workers to succeed in today’s and tomorrow’s economy.

(1) Ensure continued success of Registered Apprenticeships.

It is important to pass HB 220 this year because the Apprenticeship Tax Credit is set to sunset on June 30, 2020. This important incentive—which provides a State income tax credit to Registered Apprenticeship Sponsors or participating employers which hire an eligible Registered Apprentice(s)—drives the expansion of apprenticeships, helps Maryland businesses recruit and train skilled workers, and paves the way for more

Marylanders to find career paths and grow their skills and wages within industries like HVACR. Without action by the General Assembly to extend the credit for an additional 5 years to June 30, 2025, Maryland's economy and workforce will lose the positive impact of this important provision.

(2) Support Maryland businesses and the development of highly skilled workforce.

A highly skilled workforce is critical to the success of Maryland's businesses. Businesses across many industry sectors, and especially in skilled trades like HVAC, have been struggling to find the trained workers they need. By providing an incentive to utilize the Registered Apprenticeship model, House Bill 220 ensures that businesses continue to capitalize on the viable career pathways provided to registered apprentices. The model helps businesses invest in their employees and provides the opportunity to recruit and train a workforce that is qualified and capable of providing in-demand services to Maryland consumers.

(3) Prepare more Maryland workers to succeed in today's economy and tomorrow's.

Registered Apprenticeships provide a pathway to economic security and valuable employment for thousands of Marylanders. Registered apprentices utilize the "earn and learn" approach, which allows employees to earn a salary while completing a combination of on-the-job training and related classroom instruction. Through apprenticeship programs, workers can increase their skill level, become higher-performing, and earn higher wages.

HVACR is a good example of a viable, well-paying career that more Marylanders could become trained for with the help of HB 220. Today, skilled HVACR workers are in high demand in Maryland and the industry offers a competitive income. With HVACR employment projected to grow 13% from 2018 to 2028, much faster than the average growth rate for all occupations,¹ Maryland workers who get trained in HVACR through a registered apprenticeship program will be on a track for sustainable employment into the future.

For these reasons, HACC respectfully requests a FAVORABLE REPORT on HB 1029.

¹ <https://www.bls.gov/ooh/installation-maintenance-and-repair/heating-air-conditioning-and-refrigeration-mechanics-and-installers.htm>