

GREEN SHEET REDIGEST

HB 533

2025 Regular Session

Carver

**TAX CREDITS: Establishes the Work-Based Learning Tax Credit for employment of apprentices, interns, and youth workers**

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DIGEST

Proposed law authorizes an income tax credit for the employment of eligible apprentices, interns, and youth workers, defined as follows:

- (1) "Eligible apprentice" means a person who either has entered into a written apprenticeship agreement with an employer or association of employers as part of a registered apprenticeship program provided for in present law; or is enrolled in a training program accredited by the National Center for Construction Education and Research which has no less than four levels of training and no less than 500 hours of instruction.
- (2) "Intern" means a student learner who participates in an internship program authorized and regulated by the provisions of present administrative rule or any successor regulations relative to a work-based learning program classified as an internship.
- (3) "Youth worker" means an individual who has attained the age of 15 but not yet attained the age of 24; is unemployed prior to being hired by a business that will apply for a credit authorized by proposed law; will be working in a full-time or part-time position that pays wages that are equivalent to the wages paid for similar jobs, with adjustments for experience and training; and meets at least one of several criteria related to educational attainment, household income, justice system involvement, receiving public assistance, being a parent or pregnant, veteran status, and housing status.

Proposed law establishes that for each eligible apprentice, intern, and youth worker employed for a minimum of 100 hours during the taxable period, an employer shall qualify for a credit equal to \$2.50 per hour of employment or \$2,500, whichever is less, per taxable period.

Proposed law provides for the maximum amount of tax credits that may be claimed on tax returns for a calendar year, hereinafter "credit cap"; the initial credit cap for calendar year 2026 shall be \$1M.

Proposed law authorizes a \$1M increase in the credit cap for a calendar year if at least 80% of the credit cap amount authorized for the preceding taxable year was claimed on tax returns. Provides that the credit cap shall not be increased for a given year if less than 80% of the credit cap amount authorized for the preceding year was claimed. Limits the credit cap amount for any calendar year to \$7.5M.

Proposed law requires DOR to publish on its website a notice of the credit cap amount no later than July 1st each year, but terminates this requirement when the credit cap reaches the overall limit of \$7.5M.

Proposed law prohibits earning of credits for the employment of eligible apprentices, interns, or youth workers before Jan. 1, 2026, or after Dec. 31, 2031.

Proposed law requires DOR, in consultation with the La. Workforce Commission, to establish by rule the procedures for determining an employer's eligibility for the credit relative to apprenticeship programs. Requires the La. Workforce Commission to annually provide to DOR a list of businesses that participate in apprenticeship programs administered by the commission.

Proposed law provides that if the credit exceeds the amount of taxes due from a taxpayer for a taxable period, then any unused credit amount may be carried forward as a credit against subsequent tax liability for a period not to exceed five years. Stipulates, however, that the

amount of the credit applied in a taxable period shall not exceed the amount of taxes due from the taxpayer for that period.

Proposed law authorizes DOR to recover disallowed credits in accordance with collection remedies established in present law.

Proposed law prohibits granting of any other incentive for the hiring of an eligible youth, intern, or apprentice for which a taxpayer has received a tax credit pursuant to proposed law.

Proposed law authorizes DOR to promulgate administrative rules for implementation of proposed law.

Present law establishes an apprenticeship tax credit program with characteristics similar to the program provided for in proposed law. Present law prohibits granting of apprenticeship tax credits for the employment of eligible apprentices before Jan. 1, 2022, or after Dec. 31, 2028. Proposed law changes the termination date for earning of apprenticeship tax credits to Dec. 31, 2025.

Present law relative to labor and employment defines the term "apprentice". Proposed law adds to this definition references to time-based program models, competency-based program models, and hybrid programs.

Proposed law applies to taxable periods beginning on or after Jan. 1, 2026.

Effective Jan. 1, 2026.

(Amends R.S. 23:386 and R.S. 47:6033(G); adds R.S. 47:6003)

#### Summary of Amendments Adopted by House

The Committee Amendments Proposed by House Committee on Ways and Means to the original bill:

1. Make references to work-based learning programs, internships, and apprenticeships consistent in proposed law.
2. Require DOR, in consultation with the La. Workforce Commission, to establish procedures for determining employers' eligibility for apprenticeship-related tax credits.
3. Provide that, for purposes of proposed law, the maximum amount of tax credits that may be claimed on tax returns for a taxable year shall be referred to as the "credit cap" and that the initial credit cap (for taxable year 2026) shall be \$1M.
4. Authorize a \$1M increase in the credit cap for a taxable year if at least 80% of the credit cap amount authorized for the preceding taxable year was claimed; provide however that if less than 80% of the credit cap amount authorized for the preceding year was claimed, the credit cap is not adjusted.
5. Require DOR to publish on its website a notice of the credit cap amount each year, but terminate the requirement when the credit cap reaches the overall limit of \$7.5M.
6. Prohibit granting of any other incentive for job creation or the hiring of an eligible youth, intern, or apprentice for which a taxpayer has received a tax credit pursuant to proposed law.

The Committee Amendments Proposed by House Committee on Appropriations to the engrossed bill:

1. Specify that the maximum per-taxpayer amount of the credit applies per taxable period.

2. Delete proposed law authorizing the carry-forward of residual, unused credit amounts and granting of those amounts in subsequent years.
3. Remove limitation for a taxpayer to receive the tax credit in addition to other incentives for job creation.

Summary of Amendments Adopted by Senate

Committee Amendments Proposed by Senate Committee on Revenue and Fiscal Affairs to the reengrossed bill:

1. Change the credit cap from being based upon a taxable year to being based upon a calendar year.
2. Change the date for DOR to publish the notice of the credit cap on its website from Dec. 31st each year to July 1st each year.
3. Clarify the sunset date language from no credits granted after Dec. 31, 2031 to no credits earned after Dec. 31, 2031.
4. Make technical changes.