



LEGISLATIVE FISCAL OFFICE
Fiscal Note

Fiscal Note On: **HB 533** HLS 25RS 740
Bill Text Version: **ORIGINAL**
Opp. Chamb. Action:
Proposed Amd.:
Sub. Bill For.:

Date: April 27, 2025	7:43 PM	Author: CARVER
Dept./Agy.: Department of Revenue / LA Workforce Commission		Analyst: Noah O'Dell
Subject: Income Tax Credit: Apprentices/Interns/Youth		

TAX CREDITS OR DECREASE GF RV See Note Page 1 of 1
Establishes the Work-Based Learning Tax Credit for employment of apprentices, interns, and youth workers

Current law authorizes a nonrefundable tax credit to businesses who hire certain youth eligible youth for an amount equal to \$1,250 for full-time jobs or \$750 for part-time jobs. Aggregate credits are limited to \$5M per calendar year. The program sunsets in tax year 2025. Current law authorizes a nonrefundable tax credit to businesses who hire certain eligible apprentices for an amount equal to \$1.25 per hour, limited to \$1,250 per apprentice per year. Aggregate credits are limited to \$2.5M per calendar year. The program sunsets in tax year 2028. Current law defines “apprentice.” Proposed law sunsets the Apprenticeship Tax credit program in 2025 and authorizes a Work-based Learning Tax Credit beginning in tax year 2026. This credit is non-refundable and applicable to business who hire, apprentices, interns, or certain eligible youth for a minimum of 100 hours in an amount equal to \$2.50 per hour or \$2,500 per worker, whichever is less. Aggregate credits are limited to \$7.5M. Unused aggregate credits below the annual cap may be issued in future years. Unused credits by taxpayers may be carried forward 5 years. Criteria for “apprentice” is relaxed. Eff. January 1, 2026.

EXPENDITURES	2025-26	2026-27	2027-28	2028-29	2029-30	5 -YEAR TOTAL
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	\$0
Agy. Self-Gen.	\$0	\$178,317	\$96,116	\$99,000	\$101,970	\$475,403
Ded./Other	\$0	\$0	\$0	\$0	\$0	\$0
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	\$0	\$0	\$0	\$0	\$0	\$0
Annual Total	\$0	\$178,317	\$96,116	\$99,000	\$101,970	\$475,403

REVENUES	2025-26	2026-27	2027-28	2028-29	2029-30	5 -YEAR TOTAL
State Gen. Fd.	\$0	DECREASE	DECREASE	DECREASE	DECREASE	\$0
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	\$0	\$0	\$0	\$0	\$0	\$0
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	\$0	\$0	\$0	\$0	\$0	\$0
Annual Total	\$0					\$0

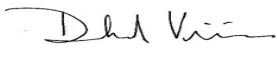
EXPENDITURE EXPLANATION
With expanded eligibility criteria, the bill is anticipated to increase \$178,317 SGR and one (1) T.O. in the Department of Revenue (LDR) in FY27. One time costs of \$85,000 are expected in FY27 related to computer system development and return modifications. LDR reports one Revenue Tax Specialist 1 with a salary and related benefits of \$93,317 will be necessary beginning in FY27 to review and process returns claiming the proposed credit. The department reports the ability to absorb this amount within its current budget but may require additional resources if the aggregate impact of all bills enacted during this session is substantive. LDR will also presumably be responsible for accounting and reporting any credits that are available each year in excess of the stated cap.

REVENUE EXPLANATION
The bill appears to combine the Apprenticeship Tax Credit and Youth Jobs Tax Credit into a new Work-based Learning Tax Credit with similar but expanded eligibility restrictions (now inclusive of interns and redefined apprentices) and double the individual credit amount per worker but the same aggregate program caps (\$5M + \$2.5M = \$7.5M). The two existing credit programs were set to sunset in 2025 and 2028 respectively, while the new program sunsets in 2031. The new credit is nonrefundable and worth \$2.50 per hour, up to \$2,500, per hired apprentice, intern, or eligible youth per year.

LFO estimates the bill is anticipated to decrease SGF revenue by an indeterminable amount, likely in excess of one million, beginning in FY27 when 2026 returns are filed. Three factors contribute to this estimate:

- The bill provides the option for a competency-based program model to the definition of apprentice that may be utilized by employers in lieu of the 2,000 hours of continuous employment requirement in current law. LFO has no basis for estimating the number of employers who may participate due to the new apprentice definition, but it stands to reason the relaxation of the hour requirement is likely to result in additional credits issued and decrease general fund revenue.
- Data from the Department of Revenue’s Tax Exemption Budget for 2024-2025 indicates revenue loss associated with the Apprenticeship Credit and the Youth Jobs Credit collectively were approximately \$400,000 in FY24. The bill allows for double the maximum dollar amount of credits that may be awarded per worker, when compared to existing programs, which may be reasonably estimated to double the tax revenue loss (about \$400,000) each FY.
- The bill provides a credit for interns, defined as student learner who participates in a work-based learning program authorized and regulated by the Department of Education (DOE) or any successor regulations BESE may publish relative to on-the-job training and related instruction. The Workforce Training Incentive Report published by DOE in Feb. 2024 indicates enrollment in internship courses was 2,143 in the 2022-23 school year and further proposes a goal of 2,500 students in future years. Per rules for the DOE program, students are required to obtain a minimum 106.2 hours of paid on-the-job training. If 2,500 students are hired for at least 110 hours, this would result in an annual revenue loss of roughly \$700,000.

* A portion of the SGF impact may originate as the LDR retention of 1% of income collections initially classified as SGR but ultimately reverted to the SGF for use in the budget. Should LDR reversions cease, this could become an SGR impact.

<u>Senate</u>	<u>Dual Referral Rules</u>	<u>House</u>	
<input checked="" type="checkbox"/> 13.5.1 >= \$100,000 Annual Fiscal Cost {S & H}		<input checked="" type="checkbox"/> 6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S}	
<input checked="" type="checkbox"/> 13.5.2 >= \$500,000 Annual Tax or Fee Change {S & H}		<input type="checkbox"/> 6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S}	Deborah Vivien Chief Economist