

**FISCAL NOTE**  
**HOUSE BILL NO. 1383**  
**LC# 23.0580.02000**  
**03/10/2023**

**1 - State Fiscal Effect**

*Identify the state fiscal effect and the fiscal effect on agency appropriations compared to funding levels and appropriations anticipated under current law.*

	2021-2023 Biennium		2023-2025 Biennium		2025-2027 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues						
Expenditures						
Appropriations						

**2 - County, City, School District, and Township Fiscal Effect**

*Identify the fiscal effect on the appropriate political subdivision.*

	2021-2023 Biennium	2023-2025 Biennium	2025-2027 Biennium
Counties			
Cities			
School Districts			
Townships			

**3 - Bill and Fiscal Impact Summary**

*Provide a brief summary of the measure, including description of the provisions having fiscal impact (limited to 300 characters).*

HB 1383 will create an income tax credit for qualified compensation paid to an apprentice.

**4 - Fiscal Impact Sections Detail**

*Identify and provide a brief description of the sections of the measure which have fiscal impact. Include any assumptions and comments relevant to the analysis.*

HB 1383 will create a new apprenticeship tax credit that can be applied against the income tax liability for qualified compensation paid to an apprentice employed in this state by the taxpayer.

To qualify for the credit, a taxpayer must directly employ, supervise, and evaluate a qualified apprentice in an apprenticeship position in this state and obtain a certification from the United States department of labor stating the taxpayer has met all requirements and qualifications of the federal apprenticeship program.

The amount of credit is limited to 10 percent of the stipend or salary paid to an apprentice employed by the taxpayer. The aggregated amount of credits allowed to a taxpayer may not exceed \$3,000 in total credits for all taxable years combined. The tax credit can be applied to a max of five apprentices employed by the taxpayer at the same time.

The credit amount cannot exceed a taxpayer's liability for the taxable year and may not be claimed as a carryback or carryforward. The bill allows contributions made by a passthrough entity to qualify for the credit, for which the credit is passed through and claimed on the owner's income tax return.

## **5 - Revenues Detail**

*For information shown under state fiscal effect in 1 or 2, please explain the revenue amounts. Provide detail, when appropriate, for each revenue type and fund affected and any amounts included in the executive budget.*

If enacted, HB 1383 could create a decrease in the state general fund. The reduction in revenue is dependent on several undetermined factors. This includes the number of individuals who choose to claim the credit, how many eligible apprentices are employed and what their wages are, and finally, what the taxpayers' liabilities are.

Due to these factors, the Office of State Tax Commissioner is unable to provide a reliable estimate for this revenue reduction amount.

## **6 - Expenditures Detail**

*For information shown under state fiscal effect in 1 or 2, please explain the expenditure amounts. Provide detail, when appropriate, for each agency, line item, and fund affected and the number of FTE positions affected.*

## **7 - Appropriations Detail**

*For information shown under state fiscal effect in 1 or 2, please explain the appropriation amounts. Provide detail, when appropriate, for each agency and fund affected. Explain the relationship between the amounts shown for expenditures and appropriations. Indicate whether the appropriation or a part of the appropriation is included in the executive budget or relates to a continuing appropriation.*

## **Contact Information**

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