



North Dakota House of Representatives

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COMMITTEES:

Industry, Business and Labor

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Good afternoon Chairman Kannianen and members of the Senate Finance and Taxation Committee,

For the record, my name is Josh Boschee and I serve as a Representative from District 44, which comprises downtown and north Fargo.

House Bill 1383 is to create a new income tax credit for employers who implement a certified apprenticeship program as an opportunity for North Dakotans to gain on the job skill sets while under the supervision of a qualified mentor. This tax credit is mirrored after the Internship Employment Tax Credit found in [Chapter 57-38-01.24 of Century Code](#).

The credit is equal to 10% of the compensation paid to the apprentice. The credit is allowed for up to 5 apprentices employed at the same time. An employer is allowed no more than \$3,000 of credits for all tax years. If the employer is a passthrough entity, the credit is passed through to its owners based on their respective interests in the entity.

Apprenticeships are one of the many entry points a North Dakotan can have into our workforce.

According to the [US Department of Labor](#), a "Registered Apprenticeship is an industry-driven, high quality career pathway where employers can develop and prepare their future workforce, and individuals can obtain paid work experience, receive progressive wage increases, classroom instruction, and a portable, nationally-recognized credential. Registered Apprenticeships are industry-vetted and approved and validated by the U.S. Department of Labor or a State Apprenticeship Agency."

While many are familiar with apprenticeships in the trades, we are seeing a growing number of opportunities in our state around cyber security, information technology and nursing. Apprenticeships can be developed outside of an educational institution or in partnership with one. Both models are deployed here in North Dakota. Apprenticeships typically last longer than an internship with apprenticeships usually using a graduated timeline over multiple years and internships typically being focused on several months of time. This longer time spent learning the skills necessary for the job under the direct supervision of a mentor leads to more of what we call job stickiness in which the apprentice has developed a loyalty to the employer and usually stays longer with that specific employer. The USDOL's research shows that 93% of apprentices stay with their employer with an average salary of \$77,000 once completed.

In North Dakota, we have a myriad of organizations working in tandem to help workers get connected to apprenticeship opportunities and assist employers with developing registered apprenticeship programs. The [Department of Career and Technical Education](#), [Lake Region State College](#), [North Dakota State College of Science](#), [Job Service ND](#), [ND Building Trades Unions](#), [ND Workforce Development Council](#), [ND Department of Commerce](#) and the ND office of the [US Department of Labor](#) all are playing an integral part in creating more good paying apprenticeship opportunities for North Dakotans as we work to address our current and future workforce needs.

I would like to request that the committee amend HB 1383 to include apprenticeships that are approved by the ND State Electrical Board to be eligible for the tax credit as these apprenticeships have a longstanding history of helping small businesses throughout the state build out their workforce.

In closing Mr. Chairman, this tax credit will help incent employers to develop apprenticeships in traditional and newer jobs as we see our state's workforce shortage impact every community and industry. I hope that the committee agrees and supports HB 1383.

Thank you. I am happy to try and answer any questions.