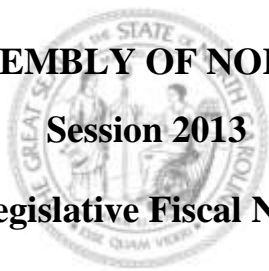


GENERAL ASSEMBLY OF NORTH CAROLINA



Session 2013

Legislative Fiscal Note

BILL NUMBER: House Bill 341 (Second Edition)

SHORT TITLE: Tax Credit for DoL Apprentice Hires.

SPONSOR(S): Representative Torbett

State Impact	FY 2013-14	FY 2014-15	FY 2015-16	FY 2016-17	FY 2017-18
General Fund Revenues:	(1.1) to (2.7)	(2.5) to (6.0)	(2.5) to (6.0)	(2.5) to (6.0)	(2.5) to (6.0)
General Fund Expenditures:	to	to	to	to	to
State Positions:	to	to	to	to	to
NET STATE IMPACT	(\$1.1) to (\$2.7)	(\$2.5) to (\$6.0)	(\$2.5) to (\$6.0)	(\$2.5) to (\$6.0)	(\$2.5) to (\$6.0)

PRINCIPAL DEPARTMENT(S) & PROGRAM(S) AFFECTED:

NC Dept of Revenue; NC Dept of Labor

EFFECTIVE DATE: January 1, 2014

TECHNICAL CONSIDERATIONS:

None

BILL SUMMARY:

H341 would provide a tax credit to taxpayers who employ employee apprentices through the NC Dept of Labor Apprenticeship Program. The tax credit would be equal to \$1,000 for each apprentice employed through an agreement with the Department's Apprenticeship and Training Bureau. The credit may be claimed against either the franchise tax or the income tax.

ASSUMPTIONS AND METHODOLOGY:

According to the Department of Labor, 3,190 people are currently registered in the Apprenticeship Program. Of those, 2,423 are employed in the private sector. In 2009 an annual fee of \$50 was implemented for each registered program participant. Prior to implementation of the fee, the number of private sector participants was approximately 6,000.

Because the tax credit would off-set the impact of the fee in many cases, the fiscal note assumes that the number of participants would likely increase to levels experienced before implementation of the fee. No other assumptions are made with regard to behavioral effects of the tax credit; however, it is possible that the program will experience more robust growth.

A range estimate is provided by using the current number of participants as the lower bound and the pre-2009 number of participants as the upper bound. Thus, the cost of the tax credit is based on a range of 2,500 to 6,000 participants. Multiplying by the \$1,000 credit, the cost is estimated to be \$2.5 - \$6.0 million annually. Estimates for the FY 2013-14 revenue loss are adjusted to reflect a reduction in estimated payments in the first half of the 2014 tax year.

SOURCES OF DATA: NC Department of Labor

TECHNICAL CONSIDERATIONS: None

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DATE: May 13, 2013



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