

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2019

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HOUSE PRINCIPAL CLERK

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HOUSE BILL DRH10394-MCf-122

Short Title: Apprenticeship Tax Credit.

(Public)

Sponsors: Representative Alexander.

Referred to:

1 A BILL TO BE ENTITLED
2 AN ACT TO ALLOW AN INCOME TAX CREDIT AGAINST WAGES PAID TO CERTAIN
3 APPRENTICES.

4 The General Assembly of North Carolina enacts:

5 **SECTION 1.** Part 1 of Article 4 of Subchapter I of Chapter 105 of the General
6 Statutes is amended by adding a new section to read:

7 "**§ 105-130.49. Credit for apprentices.**

8 (a) Credit. – A taxpayer that employs a qualifying apprentice is allowed a credit against
9 the taxes imposed by this Part. The credit is equal to fifty percent (50%) of the product of two
10 factors. The first factor is the number of hours worked by the apprentice, and the second factor
11 is the qualifying apprentice's hourly wage for which the taxpayer remits withholding payments
12 to the Department pursuant to Article 4A of this Chapter. A "qualifying apprentice" is either of
13 the following:

14 (1) An employee, who, during the term of apprenticeship, is (i) enrolled in an
15 apprenticeship required for licensure by a State licensing board, (ii) employed
16 by the taxpayer for at least 40 hours per week at an hourly wage above
17 minimum wage, (iii) provided supervised instruction by a person licensed by
18 the State licensing board requiring the apprenticeship, and (iv) performing
19 work documented by the taxpayer and approved by the licensing board as
20 appropriate for apprenticeship training.

21 (2) An employee who is an apprentice, as defined in G.S. 115D-11.10.

22 (b) Substantiation. – A taxpayer allowed a credit under this section must maintain and
23 make available for inspection any information or records required by the Secretary of Revenue.
24 The taxpayer must obtain and submit documentation from the licensing board requiring the
25 apprenticeship for licensure or from the State Board of Community Colleges that verifies the
26 enrolled status of the apprentice and the term of the apprenticeship."

27 **SECTION 2.** Part 2 of Article 4 of Subchapter I of Chapter 105 of the General
28 Statutes is amended by adding a new section to read:

29 "**§ 105-153.11. Credit for apprentices.**

30 (a) Credit. – A taxpayer that employs a qualifying apprentice is allowed a credit against
31 the taxes imposed by this Part. The credit is equal to fifty percent (50%) of the product of two
32 factors. The first factor is the number of hours worked by the apprentice, and the second factor
33 is the qualifying apprentice's hourly wage for which the taxpayer remits withholding payments
34 to the Department pursuant to Article 4A of this Chapter. A "qualifying apprentice" is either of
35 the following:



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1 (1) An employee, who, during the term of apprenticeship, is (i) enrolled in an
2 apprenticeship required for licensure by a State licensing board, (ii) employed
3 by the taxpayer for at least 40 hours per week at an hourly wage above
4 minimum wage, (iii) provided supervised instruction by a person licensed by
5 the State licensing board requiring the apprenticeship, and (iv) performing
6 work documented by the taxpayer and approved by the licensing board as
7 appropriate for apprenticeship training.

8 (2) An employee who is an apprentice, as defined in G.S. 115D-11.10.

9 (b) Substantiation. – A taxpayer allowed a credit under this section must maintain and
10 make available for inspection any information or records required by the Secretary of Revenue.
11 The taxpayer must obtain and submit documentation from the licensing board requiring the
12 apprenticeship for licensure or from the State Board of Community Colleges that verifies the
13 enrolled status of the apprentice and the term of the apprenticeship."

14 **SECTION 3.** This act is effective for taxable years beginning on or after January 1,
15 2019.