

House Engrossed

student apprenticeship program; tax credits

State of Arizona
House of Representatives
Fifty-fourth Legislature
Second Regular Session
2020

HOUSE BILL 2002

AN ACT

AMENDING TITLE 15, CHAPTER 2, ARTICLE 2, ARIZONA REVISED STATUTES, BY ADDING SECTION 15-249.16; AMENDING TITLE 43, CHAPTER 10, ARTICLE 5, ARIZONA REVISED STATUTES, BY ADDING SECTION 43-1075; AMENDING TITLE 43, CHAPTER 11, ARTICLE 6, ARIZONA REVISED STATUTES, BY ADDING SECTION 43-1163; APPROPRIATING MONIES; RELATING TO THE DEPARTMENT OF EDUCATION.

(TEXT OF BILL BEGINS ON NEXT PAGE)

1 Be it enacted by the Legislature of the State of Arizona:

2 Section 1. Title 15, chapter 2, article 2, Arizona Revised
3 Statutes, is amended by adding section 15-249.16, to read:

4 15-249.16. Arizona student apprenticeship pilot program:
5 program termination; definitions

6 A. THE ARIZONA STUDENT APPRENTICESHIP PILOT PROGRAM IS ESTABLISHED
7 WITHIN THE DEPARTMENT OF EDUCATION TO PROVIDE JOB TRAINING AND ECONOMIC
8 OPPORTUNITY TO HIGH SCHOOL STUDENTS IN THIS STATE. THE DEPARTMENT SHALL
9 DEVELOP APPLICATION PROCEDURES, SELECTION CRITERIA AND COMPLETION
10 REQUIREMENTS. THE ARIZONA STUDENT APPRENTICESHIP PILOT PROGRAM IS
11 SEPARATE AND APART FROM THE UNITED STATES DEPARTMENT OF LABOR-APPROVED
12 APPRENTICESHIP PROGRAM.

13 B. ANY EMPLOYER IN THIS STATE MAY APPLY TO PARTICIPATE IN THE
14 PROGRAM BY SUBMITTING AN APPLICATION TO THE DEPARTMENT. AN EMPLOYER THAT
15 PARTICIPATES IN THE PROGRAM SHALL DO ALL OF THE FOLLOWING:

16 1. PROVIDE EACH PARTICIPANT EMPLOYEE WITH JOB TRAINING.

17 2. PROVIDE FLEXIBLE SCHEDULING TO EACH PARTICIPANT EMPLOYEE SO THAT
18 THE PARTICIPANT EMPLOYEE MAY ATTEND CLASSES.

19 3. OPEN A SEPARATE INTEREST-BEARING ACCOUNT ON BEHALF OF EACH
20 PARTICIPANT EMPLOYEE.

21 4. DEPOSIT THE PORTION OF EACH PARTICIPANT EMPLOYEE'S WAGES
22 SELECTED BY THE PARTICIPANT EMPLOYEE PURSUANT TO SUBSECTION E OF THIS
23 SECTION IN THE ACCOUNT OPENED PURSUANT TO PARAGRAPH 3 OF THIS SUBSECTION.

24 5. EACH TIME THE EMPLOYER DEPOSITS A PORTION OF A PARTICIPANT
25 EMPLOYEE'S WAGES PURSUANT TO PARAGRAPH 4 OF THIS SUBSECTION, DEPOSIT AN
26 EQUIVALENT AMOUNT OF MONIES IN THE ACCOUNT OPENED PURSUANT TO PARAGRAPH 3
27 OF THIS SUBSECTION.

28 6. IF A PARTICIPANT EMPLOYEE SUCCESSFULLY COMPLETES THE PROGRAM
29 REQUIREMENTS PRESCRIBED BY THE DEPARTMENT PURSUANT TO SUBSECTION A OF THIS
30 SECTION, DISBURSE TO THE PARTICIPANT EMPLOYEE THE ENTIRE AMOUNT OF MONIES
31 IN THE ACCOUNT OPENED PURSUANT TO PARAGRAPH 3 OF THIS SUBSECTION.

32 7. IF A PARTICIPANT EMPLOYEE DOES NOT SUCCESSFULLY COMPLETE THE
33 PROGRAM REQUIREMENTS PRESCRIBED BY THE DEPARTMENT PURSUANT TO SUBSECTION A
34 OF THIS SECTION, DISBURSE TO THE PARTICIPANT EMPLOYEE FROM THE ACCOUNT
35 OPENED PURSUANT TO PARAGRAPH 3 OF THIS SUBSECTION AN AMOUNT OF MONIES THAT
36 IS EQUIVALENT TO THE SUM OF THE MONIES DEPOSITED PURSUANT TO PARAGRAPH 4
37 OF THIS SUBSECTION. THE EMPLOYER MAY RETAIN THE MONIES DEPOSITED PURSUANT
38 TO PARAGRAPH 5 OF THIS SUBSECTION AND SHALL TRANSMIT ANY INTEREST ON THOSE
39 MONIES TO THE STATE TREASURER FOR DEPOSIT IN THE STATE GENERAL FUND.

40 C. THE DEPARTMENT SHALL PREPARE A LIST THAT INCLUDES ALL EMPLOYERS
41 THAT HAVE BEEN ACCEPTED TO PARTICIPATE IN THE PROGRAM AND POST THIS LIST
42 ON THE DEPARTMENT'S WEBSITE.

43 D. A STUDENT MAY PARTICIPATE IN THE PROGRAM IF THE STUDENT MEETS
44 ALL OF THE FOLLOWING REQUIREMENTS:

45 1. IS ENROLLED IN HIGH SCHOOL AT A PUBLIC SCHOOL IN THIS STATE.

1 2. APPLIES FOR THE PROGRAM BY SUBMITTING AN APPLICATION IN A FORM
2 PRESCRIBED BY THE DEPARTMENT TO THE PUBLIC SCHOOL AT WHICH THE STUDENT IS
3 ENROLLED.

4 3. SUBMITS PROOF WITH THE STUDENT'S APPLICATION THAT THE STUDENT IS
5 PROJECTED TO COMPLETE THE HIGH SCHOOL GRADUATION REQUIREMENTS PURSUANT TO
6 SECTION 15-701.01 BY THE END OF GRADE TWELVE. IF PARTICIPATION IN THE
7 PROGRAM WILL INTERFERE WITH A STUDENT'S ABILITY TO COMPLETE THE HIGH
8 SCHOOL GRADUATION REQUIREMENTS PURSUANT TO SECTION 15-701.01 BY THE END OF
9 GRADE TWELVE, THE PUBLIC SCHOOL SHALL DENY THE STUDENT'S APPLICATION.

10 4. SUBMITS PROOF THAT THE STUDENT HAS RECEIVED AN OFFER OF
11 EMPLOYMENT FROM AN EMPLOYER ON THE LIST PREPARED PURSUANT TO SUBSECTION C
12 OF THIS SECTION.

13 E. ON BEING HIRED, A PARTICIPANT EMPLOYEE SHALL DESIGNATE A
14 PERCENTAGE OF AT LEAST TEN PERCENT OF THE PARTICIPANT EMPLOYEE'S WAGES TO
15 BE DEPOSITED IN THE ACCOUNT OPENED BY THE EMPLOYER ON BEHALF OF THE
16 PARTICIPANT EMPLOYEE PURSUANT TO SUBSECTION B, PARAGRAPH 3 OF THIS
17 SECTION.

18 F. AN EMPLOYER THAT PARTICIPATES IN THE PROGRAM IS ALLOWED A TAX
19 CREDIT AS PRESCRIBED BY SECTION 43-1075 OR 43-1163 FOR EACH PARTICIPANT
20 EMPLOYEE WHO SUCCESSFULLY COMPLETES THE PROGRAM REQUIREMENTS PRESCRIBED BY
21 THE DEPARTMENT OF EDUCATION PURSUANT TO SUBSECTION A OF THIS SECTION. THE
22 DEPARTMENT OF EDUCATION SHALL ISSUE A CERTIFICATE TO THE EMPLOYER TO
23 PROVIDE TO THE DEPARTMENT OF REVENUE TO VERIFY THE EMPLOYER'S
24 PARTICIPATION IN THE PROGRAM AND THE PARTICIPANT EMPLOYEE'S COMPLETION OF
25 THE PROGRAM.

26 G. THE PROGRAM ESTABLISHED BY THIS SECTION ENDS ON DECEMBER 31,
27 2026 PURSUANT TO SECTION 41-3102.

28 H. FOR THE PURPOSES OF THIS SECTION:

29 1. "DEPARTMENT" MEANS THE DEPARTMENT OF EDUCATION.

30 2. "PARTICIPANT EMPLOYEE" MEANS AN EMPLOYEE WHO PARTICIPATES IN THE
31 PROGRAM.

32 3. "PROGRAM" MEANS THE ARIZONA STUDENT APPRENTICESHIP PILOT PROGRAM
33 ESTABLISHED BY THIS SECTION.

34 Sec. 2. Title 43, chapter 10, article 5, Arizona Revised Statutes,
35 is amended by adding section 43-1075, to read:

36 43-1075. Student apprenticeship tax credit

37 A. FOR TAXABLE YEARS BEGINNING FROM AND AFTER DECEMBER 31, 2020
38 THROUGH DECEMBER 31, 2026, A CREDIT IS ALLOWED AGAINST THE TAXES IMPOSED
39 BY THIS TITLE FOR TAXPAYERS WHO ARE EMPLOYER PARTICIPANTS IN THE ARIZONA
40 STUDENT APPRENTICESHIP PILOT PROGRAM ESTABLISHED BY SECTION 15-249.16 FOR
41 EACH PARTICIPANT EMPLOYEE WHO SUCCESSFULLY COMPLETES THE PROGRAM DURING
42 THAT TAXABLE YEAR.

43 B. THE AMOUNT OF THE CREDIT IS EQUAL TO THE AMOUNT OF MONIES THE
44 EMPLOYER DEPOSITS PURSUANT TO SECTION 15-249.16, SUBSECTION B, PARAGRAPH 5

1 AND DISBURSES TO PARTICIPANT EMPLOYEES PURSUANT TO SECTION 15-249.16,
2 SUBSECTION B, PARAGRAPH 6 DURING THE TAXABLE YEAR.

3 C. TO CLAIM THE CREDIT UNDER THIS SECTION, THE TAXPAYER MUST SUBMIT
4 THE CERTIFICATE PROVIDED BY THE DEPARTMENT OF EDUCATION UNDER SECTION
5 15-249.16, SUBSECTION F TO THE DEPARTMENT OF REVENUE WITH THE TAXPAYER'S
6 INCOME TAX RETURN. A CREDIT UNDER THIS SECTION IS NOT ALLOWED UNTIL THE
7 TAXPAYER PROVIDES THE REQUIRED CERTIFICATE.

8 D. CREDITS ARE ALLOWED UNDER THIS SECTION ON A FIRST-COME,
9 FIRST-SERVED BASIS. THE DEPARTMENT MAY NOT AUTHORIZE TAX CREDITS UNDER
10 THIS SECTION AND SECTION 43-1163 THAT EXCEED IN THE AGGREGATE A TOTAL OF
11 \$5,000,000 FOR ANY CALENDAR YEAR.

12 E. IF THE AMOUNT OF THE CREDIT FOR A TAXABLE YEAR EXCEEDS THE
13 AMOUNT OF TAXES OTHERWISE DUE UNDER THIS TITLE ON THE CLAIMANT'S INCOME,
14 OR IF THERE ARE NO TAXES DUE UNDER THIS TITLE, THE TAXPAYER MAY CARRY
15 FORWARD THE AMOUNT OF THE CLAIM NOT USED TO OFFSET THE TAXES UNDER THIS
16 TITLE FORWARD FOR NOT MORE THAN FIVE CONSECUTIVE TAXABLE YEARS' INCOME TAX
17 LIABILITY.

18 F. CO-OWNERS OF A BUSINESS, INCLUDING PARTNERS IN A PARTNERSHIP AND
19 SHAREHOLDERS OF AN S CORPORATION AS DEFINED IN SECTION 1361 OF THE
20 INTERNAL REVENUE CODE, MAY EACH CLAIM ONLY THE PRO RATA SHARE OF THE
21 CREDIT ALLOWED UNDER THIS SECTION BASED ON THE OWNERSHIP INTEREST. THE
22 TOTAL OF THE CREDIT ALLOWED ALL OWNERS MAY NOT EXCEED THE AMOUNT THAT
23 WOULD HAVE BEEN ALLOWED A SOLE OWNER.

24 Sec. 3. Title 43, chapter 11, article 6, Arizona Revised Statutes,
25 is amended by adding section 43-1163, to read:

26 43-1163. Student apprenticeship tax credit

27 A. FOR TAXABLE YEARS BEGINNING FROM AND AFTER DECEMBER 31, 2020
28 THROUGH DECEMBER 31, 2026, A CREDIT IS ALLOWED AGAINST THE TAXES IMPOSED
29 BY THIS TITLE FOR TAXPAYERS THAT ARE EMPLOYER PARTICIPANTS IN THE ARIZONA
30 STUDENT APPRENTICESHIP PILOT PROGRAM ESTABLISHED BY SECTION 15-249.16 FOR
31 EACH PARTICIPANT EMPLOYEE WHO SUCCESSFULLY COMPLETES THE PROGRAM DURING
32 THAT TAXABLE YEAR.

33 B. THE AMOUNT OF THE CREDIT IS EQUAL TO THE AMOUNT OF MONIES THE
34 EMPLOYER DEPOSITS PURSUANT TO SECTION 15-249.16, SUBSECTION B, PARAGRAPH 5
35 AND DISBURSES TO PARTICIPANT EMPLOYEES PURSUANT TO SECTION 15-249.16,
36 SUBSECTION B, PARAGRAPH 6 DURING THE TAXABLE YEAR.

37 C. TO CLAIM THE CREDIT UNDER THIS SECTION, THE TAXPAYER MUST SUBMIT
38 THE CERTIFICATE PROVIDED BY THE DEPARTMENT OF EDUCATION UNDER SECTION
39 15-249.16, SUBSECTION F TO THE DEPARTMENT OF REVENUE WITH THE TAXPAYER'S
40 INCOME TAX RETURN. A CREDIT UNDER THIS SECTION IS NOT ALLOWED UNTIL THE
41 TAXPAYER PROVIDES THE REQUIRED CERTIFICATE.

42 D. CREDITS ARE ALLOWED UNDER THIS SECTION ON A FIRST-COME,
43 FIRST-SERVED BASIS. THE DEPARTMENT MAY NOT AUTHORIZE TAX CREDITS UNDER
44 THIS SECTION AND SECTION 43-1075 THAT EXCEED IN THE AGGREGATE A TOTAL OF
45 \$5,000,000 FOR ANY CALENDAR YEAR.

1 E. IF THE AMOUNT OF THE CREDIT FOR A TAXABLE YEAR EXCEEDS THE
2 AMOUNT OF TAXES OTHERWISE DUE UNDER THIS TITLE ON THE CLAIMANT'S INCOME,
3 OR IF THERE ARE NO TAXES DUE UNDER THIS TITLE, THE TAXPAYER MAY CARRY
4 FORWARD THE AMOUNT OF THE CLAIM NOT USED TO OFFSET THE TAXES UNDER THIS
5 TITLE FORWARD FOR NOT MORE THAN FIVE CONSECUTIVE TAXABLE YEARS' INCOME TAX
6 LIABILITY.

7 F. CO-OWNERS OF A BUSINESS, INCLUDING CORPORATE PARTNERS IN A
8 PARTNERSHIP, MAY EACH CLAIM ONLY THE PRO RATA SHARE OF THE CREDIT ALLOWED
9 UNDER THIS SECTION BASED ON THE OWNERSHIP INTEREST. THE TOTAL OF THE
10 CREDIT ALLOWED ALL OWNERS MAY NOT EXCEED THE AMOUNT THAT WOULD HAVE BEEN
11 ALLOWED A SOLE OWNER.

12 Sec. 4. Purpose

13 Pursuant to section 43-223, Arizona Revised Statutes, the
14 legislature enacts sections 43-1075 and 43-1163, Arizona Revised Statutes,
15 as added by this act, to support employers that provide job training and
16 economic opportunities to high school students in this state.

17 Sec. 5. Appropriation; department of education; Arizona
18 student apprenticeship pilot program

19 The sum of \$400,000 is appropriated from the state general fund in
20 fiscal year 2020-2021 to the department of education to administer the
21 Arizona student apprenticeship pilot program established by section
22 15-249.16, Arizona Revised Statutes, as added by this act.

23 Sec. 6. Delayed repeal; saving clause

24 A. Sections 15-249.16, 43-1075 and 43-1163, Arizona Revised
25 Statutes, as added by this act, are repealed from and after December 31,
26 2026.

27 B. The repeal of sections 15-249.16, 43-1075 and 43-1163, Arizona
28 Revised Statutes, as added by this act, by subsection A of this section
29 does not affect the continuing validity of any amount of the credit
30 carried forward from previous taxable years for application against
31 subsequent tax liabilities allowed by prior law.