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**SENATE BILL NO. 937**

Offered January 19, 2018

A *BILL to amend the Code of Virginia by adding in Article 3 of Chapter 3 of Title 58.1 a section numbered 58.1-339.13, relating to high school apprenticeship tax credit.*

Patrons—Sturtevant, Dunnivant and McClellan; Delegate: Bourne

Referred to Committee on Finance

**Be it enacted by the General Assembly of Virginia:**

**1. That the Code of Virginia is amended by adding in Article 3 of Chapter 3 of Title 58.1 a section numbered 58.1-339.13 as follows:**

**§ 58.1-339.13. High school apprenticeship tax credit.**

A. *As used in this section, unless the context requires a different meaning:*

"Qualified field" means a career field related to the study of science, technology, engineering, or medicine or a field with a high demand for a skilled workforce identified by the Superintendent. In identifying such fields, the Superintendent shall consult with the Governor's Chief Workforce Development Advisory; the Virginia Employment Commission; local, regional, and state chambers of commerce; and the business community generally.

"Qualified school" means a high school, technical center, or specialty school in the Richmond Public School System.

"Superintendent" means the Superintendent of the Richmond Public School System.

B. For taxable years beginning on and after January 1, 2018, but before January 1, 2021, a business shall be entitled to a credit against the tax levied pursuant to §§ 58.1-320 and 58.1-400 for hosting a high school student from a qualified school as an apprentice in a qualified field during the 2018-2019 or 2019-2020 academic year. The amount of the credit shall be equal to \$2,500 per student per semester hosted by the business. A business may receive up to two \$2,500 credits for the same student if the company hosts the student as an apprentice for two academic semesters.

C. The total amount of credits available under this section for a taxable year shall not exceed \$125,000.

D. A business shall apply to the Superintendent to host an apprentice and be eligible for a tax credit under this section, based upon procedures and forms developed by the Superintendent. The Superintendent shall receive nominations of students to serve as apprentices during their junior or senior year of high school from principals and guidance counselors at qualified schools. The Superintendent shall select a maximum of 25 students to participate in the program, the selection of whom shall be based on the needs of the businesses that have applied to participate in the program. Each student shall be eligible to participate in the program for two academic semesters. If more than 25 businesses apply to participate in the program, the Superintendent shall select the businesses that most closely align with the interests and fields of study of the nominated students. If fewer than 25 businesses apply to participate in the program, a business may elect to host more than one apprentice under the program.

E. In order to be eligible to receive a credit pursuant to this section, a business shall provide the apprentice with a stipend that is no less than the amount of the tax credit to be received by the business. The business shall certify the amount of the stipend to the Superintendent.

F. At the end of each academic semester, the Superintendent shall provide a certificate to the participating business indicating the number of students who successfully completed an apprenticeship with the business during the semester. The business shall provide such certificate to the Department when claiming a credit under this section.

G. If the amount of the credit exceeds the business's tax liability for the taxable year, the excess may be carried over for credit against the income taxes of the business for the next three taxable years or until the total credit amount has been taken, whichever occurs first.

H. For purposes of this section, the amount of any credit attributable to a partnership, electing small business corporation (S corporation), or limited liability company shall be allocated to the individual partners, shareholders, or memberS, respectively, in proportion to their ownership or interest in such business entities.

I. The Superintendent shall report annually, no later than January 1, to the Governor and the Chairmen of the House Committee on Appropriations, the House Committee on Finance, and the Senate Committee on Finance. The report shall, at a minimum, identify the businesses that participated in the apprenticeship program, the number of students who participated in the apprenticeship program, the

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59 *qualified fields in which the apprenticeships were focused, the general experience of the businesses and*  
60 *students who participated, and whether any student who participated in the program pursued a*  
61 *workforce credential or gained employment in the field of the apprenticeship after the apprenticeship*  
62 *concluded. The executive summary and report shall be submitted as provided in the procedures of the*  
63 *Division of Legislative Automated Systems for the processing of legislative documents and reports and*  
64 *shall be posted on the General Assembly's website.*  
65 *J. The Superintendent shall develop guidelines and procedures to implement the provisions of this*  
66 *section. Such guidelines and procedures shall be exempt from the Administrative Process Act*  
67 *(§ 2.2-4000 et seq.).*