

1 SB295  
2 199819-3  
3 By Senators Orr, Holley, Stutts, Allen and Givhan  
4 RFD: Finance and Taxation Education  
5 First Read: 16-APR-19

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4 ENGROSSED

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7 A BILL  
8 TO BE ENTITLED  
9 AN ACT

10  
11 To establish the Alabama Industry Recognized and  
12 Registered Apprenticeship Program Act; to establish the  
13 Alabama Office of Apprenticeship to certify certain registered  
14 and industry recognized apprenticeship programs; to develop  
15 the Alabama Registered and Industry Recognized Apprenticeship  
16 Program; to provide incentives to employers who hire  
17 apprentices; to offer a nationally recognized state  
18 apprenticeship credential; to amend Sections 40-18-422,  
19 40-18-423, and 40-18-424 of the Code of Alabama 1975, relating  
20 to the Apprenticeship Tax Credit Act of 2016; to increase the  
21 per capita apprenticeship tax credit from \$1,000 to \$1,250,  
22 increase the aggregate apprenticeship tax credit from  
23 \$3,000,000 to \$7,500,000, provide a \$500 per capita incentive  
24 tax credit for hiring in school youth apprentices; to extend  
25 the apprenticeship tax credit through 2025; and to clarify  
26 that the State Department of Education shall continue to be

1 the eligible agency to receive and administer career and  
2 technical education funding under the Perkins Act.

3 BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

4 Section 1. Sections 1 to 7, inclusive, shall be  
5 known and may be cited as the Alabama Industry Recognized and  
6 Registered Apprenticeship Program Act.

7 Section 2. For the purposes of Sections 1 to 7,  
8 inclusive, the following terms shall have the following  
9 meanings:

10 (1) APPRENTICE. A worker who is at least 16 years of  
11 age, except where a higher minimum age standard is otherwise  
12 fixed by law, who is employed to learn an apprenticeable  
13 occupation as provided in 29 CFR 29.4.

14 (2) APPRENTICESHIP AGREEMENT. A written agreement  
15 between an apprentice and either the apprenticeship program  
16 sponsor, or an apprenticeship committee acting as agent for  
17 the apprenticeship program sponsor or sponsors, which contains  
18 the terms and conditions of the employment and training of the  
19 apprentice in conformance with 29 CFR 29 and Section  
20 40-18-421, Code of Alabama 1975.

21 (3) APPRENTICESHIP PROGRAM. A plan containing all  
22 terms and conditions for the qualification, recruitment,  
23 selection, employment, and training of apprentices, as  
24 required under the federal guidelines in CFR Title 29,  
25 Subtitle A, parts 29 and 30, U.S.C. §50, for apprenticeship  
26 programs certified by the Alabama Office of Apprenticeship,  
27 and the rules adopted by the Alabama Office of Apprenticeship,

1 including such matters as the requirement for a written  
2 apprenticeship agreement.

3 (4) CANCELLATION. The termination of the  
4 registration or approval status of an apprenticeship program  
5 at the request of the sponsor, or termination of an  
6 apprenticeship agreement at the request of the apprentice.

7 (5) CERTIFICATION or CERTIFICATE. The written  
8 approval by the Alabama Office of Apprenticeship of a set of  
9 apprenticeship standards or of an individual for employment as  
10 an apprentice or probationary apprentice in a registered  
11 apprenticeship program or proof that an apprentice has  
12 successfully met the requirements to receive an interim  
13 credential.

14 (6) DEREGISTRATION. The termination of the  
15 registration or approval status of an apprenticeship program  
16 upon written request of the sponsor or upon cause by the  
17 Alabama Office of Apprenticeship instituting formal  
18 deregistration proceedings.

19 (7) ELIGIBLE EMPLOYER. The same meaning as provided  
20 in Section 40-18-421, Code of Alabama 1975.

21 (8) EMPLOYER. Any person or organization employing  
22 an apprentice, whether or not the person or organization is a  
23 party to an apprenticeship agreement with the apprentice.

24 (9) FEDERAL PURPOSES. Any action related to a  
25 federal contract, grant, agreement, or arrangement dealing  
26 with an apprenticeship. The term includes any federal  
27 financial or other assistance, benefit, privilege,

1 contribution, allowance, exemption, preference, or right  
2 pertaining to an apprenticeship.

3 (10) GOVERNOR. The chief executive of this state.

4 (11) INDUSTRY-RECOGNIZED APPRENTICESHIP. A high  
5 quality apprenticeship program that includes a paid work  
6 component and an educational or instructional component  
7 wherein an individual obtains workplace relevant knowledge and  
8 skills developed or delivered by third parties, including  
9 trade and industry groups, companies, nonprofit organizations,  
10 educational institutions, unions, and joint labor management  
11 organizations.

12 (12) IN SCHOOL YOUTH. A youth described in Section  
13 129(a)(1)(C) of the federal Workforce Innovation and  
14 Opportunity Act.

15 (13) ON-THE-JOB TRAINING. Training by an employer  
16 that is provided to a paid participant while engaged in  
17 productive work in a job that provides knowledge or skills  
18 essential to the full and adequate performance of the job; is  
19 made available through a program that provides reimbursement  
20 to the employer of up to 50 percent of the wage rate of the  
21 participant, except as provided in Section 134(c)(3)(H) of the  
22 federal Workforce Innovation and Opportunity Act, for the  
23 extraordinary costs of providing the training and additional  
24 supervision related to the training; and is limited in  
25 duration as appropriate to the occupation for which the  
26 participant is being trained, taking into account the content

1 of the training, the prior work experience of the participant,  
2 and the service strategy of the participant, as appropriate.

3 (14) REGISTERED APPRENTICESHIP. A formal, on-the-job  
4 training program registered by the Alabama Office of  
5 Apprenticeship that includes all of the following:

6 a. Employer involvement.

7 b. On-the-job training.

8 c. Related technical instruction.

9 d. Paid work experience.

10 e. A portable, nationally recognized industry  
11 credential.

12 (15) REGISTERED PREAPPRENTICESHIP. A program or set  
13 of strategies, registered by the Alabama Office of  
14 Apprenticeship, including basic skills training, academic  
15 skills remediation, or introduction to the industry, designed  
16 to prepare individuals for entry into an apprenticeship  
17 program.

18 (16) REGISTERED YOUTH APPRENTICESHIP. A program that  
19 is designed specifically for individuals aged 16 to 18,  
20 inclusive, registered by the Alabama Office of Apprenticeship,  
21 and is connected to an adult apprenticeship.

22 (17) REGISTRATION AGENCY. The agency that has  
23 responsibility for registering apprenticeship programs and  
24 apprentices, providing technical assistance, and conducting  
25 review for compliance with existing state law and the state  
26 plan for equal employment opportunities.

1                   (18) REQUIRED TECHNICAL INSTRUCTION. An organized  
2 and systematic form of instruction designed to provide the  
3 apprentice with knowledge of the theoretical and technical  
4 subjects related to the occupation of the apprentice. The  
5 instruction may be given in a classroom, through occupational  
6 or industrial courses, or by correspondence courses of  
7 equivalent value, electronic media, or other forms of  
8 self-study for registered and industry-recognized  
9 apprenticeship programs certified by the Alabama Office of  
10 Apprenticeship. The sponsor shall be responsible for the  
11 administration and supervision of related and supplemental  
12 instruction for apprentices and coordination of the  
13 instruction with job experience.

14                   (19) SPONSOR. Any person, association, committee, or  
15 organization operating a preapprenticeship, youth registered  
16 apprenticeships, youth industry-recognized apprenticeship  
17 programs, registered apprenticeships, and industry-recognized  
18 apprenticeship programs.

19                   (20) STATE APPRENTICESHIP AGENCY. The Alabama Office  
20 of Apprenticeship.

21                   (21) STATE APPRENTICESHIP INTERMEDIARY. The Alabama  
22 Community College System shall be the intermediary and shall  
23 provide required technical instruction and technical  
24 assistance for implementing on-the-job training for all  
25 apprenticeable programs certified by the Alabama Office of  
26 Apprenticeship with the consent of the sponsor.

1 (22) VETERAN. The meaning given the term in Section  
2 101 of Title 38, United States Code.

3 (23) WORK BASED LEARNING. Sustained interactions  
4 with industry or community professionals in real workplace  
5 settings, to the extent practicable, or simulated environments  
6 at an educational institution that foster in-depth, first-hand  
7 engagement with the tasks required of a given career field,  
8 that are aligned to curriculum and instruction.

9 Section 3. (a) There is established the Alabama  
10 Office of Apprenticeship as a part of the Workforce  
11 Development Division of the Department of Commerce, in  
12 accordance with 29 U.S.C. 50, 29 CFR 29 and 30, and Article  
13 20, commencing with Section 40-18-420, of Chapter 18, Title  
14 40, Code of Alabama 1975, the Apprenticeship Tax Credit Act of  
15 2016. The Alabama Office of Apprenticeship is established for  
16 all of the following purposes:

17 (1) To exercise nonexclusive authority to determine  
18 whether an apprenticeship program conforms to the regulations  
19 published in 29 CFR 29 and 30.

20 (2) To set forth labor standards necessary to  
21 safeguard the welfare of apprentices.

22 (3) To establish policies and procedures for the  
23 registration and deregistration of preapprenticeships, youth  
24 registered apprenticeships, and registered apprenticeships.

25 (4) To serve as the registration agency for  
26 preapprenticeships, youth registered apprenticeships,  
27 registered apprenticeships, and industry-recognized

1 apprenticeships in the state when the sponsor of such programs  
2 chooses to certify or register the programs with the Alabama  
3 Office of Apprenticeship.

4 (5) To resolve disputes arising between the parties  
5 involved in an apprenticeship agreement registered by the  
6 Alabama Office of Apprenticeship.

7 (b) The Alabama Office of Apprenticeship shall be  
8 maintained under the direction of the Deputy Secretary of the  
9 Workforce Development Division of the Department of Commerce.  
10 The deputy secretary, with the advice and consent of the  
11 Alabama Apprenticeship Council created pursuant to Section 6,  
12 may appoint a director for the Alabama Office of  
13 Apprenticeship, who shall serve at the pleasure of the deputy  
14 secretary, shall manage the Alabama Office of Apprenticeship,  
15 and shall perform such duties as necessary to effectuate the  
16 intent of Sections 1 to 7, inclusive.

17 (c) The deputy secretary, no later than June 30,  
18 2019, with the advice and consent of the Alabama  
19 Apprenticeship Council, shall submit to the United States  
20 Secretary of Labor and the Administrator of the national  
21 Office of Apprenticeship, in accordance with 29 CFR 29.13(a),  
22 an application to recognize the Alabama Office of  
23 Apprenticeship as a state apprenticeship agency that shall  
24 comply with 29 CFR 29.13(a)-(c). The application for  
25 recognition as a state apprentice agency, submitted by the  
26 deputy secretary, shall include all of the following elements:

1           (1) A description of policies and operating  
2 procedures that depart from, or impose requirements in  
3 addition to, 29 CFR 29.

4           (2) A state plan for equal employment opportunity in  
5 apprenticeship that conforms to the requirements published in  
6 29 CFR 30.

7           (3) A description of the basic standards, criteria,  
8 requirements for program registration or approval, or both,  
9 and a demonstration of the linkages and coordination with the  
10 economic development and publicly funded workforce investment  
11 system of the state.

12           (4) A description of how the Alabama Office of  
13 Apprenticeship will utilize the Alabama Apprenticeship  
14 Council.

15           (5) A description of respective powers of the  
16 Alabama Office of Apprenticeship and the Alabama  
17 Apprenticeship Council.

18           (6) A description of the required contents of  
19 apprenticeship agreements, in conformity with 29 CFR 29.7.

20           (7) A plan to ensure that the registration of  
21 apprenticeship programs occurs only in apprenticeable  
22 occupations, as provided in 29 CFR 29.4, including occupations  
23 in high growth and high demand industries, including a  
24 description of how the Alabama Office of Apprenticeship will  
25 expand apprenticeship opportunities in apprenticeable  
26 occupations listed on the regional and statewide list of  
27 in-demand career pathways.

1           (8) A plan to accord reciprocal approval, for  
2 federal purposes, to apprentices, apprenticeship programs, and  
3 standards that are registered in other states by the national  
4 Office of Apprenticeship or a registration agency, if such  
5 reciprocity is requested by the apprenticeship program  
6 sponsor. Program sponsors seeking reciprocal approval shall  
7 meet wage and hour provisions and apprentice ratio standards  
8 of this state.

9           (9) A plan providing for the cancellation or  
10 deregulation, or both, of programs, for temporary suspension,  
11 cancellation, or deregistration, or any of these, of  
12 apprenticeship agreements.

13           Section 4. (a) The Alabama Office of Apprenticeship,  
14 with the advice and consent of the Alabama Apprenticeship  
15 Council, shall develop a nationally recognized state  
16 apprenticeship completion credential, as described in 29 CFR  
17 29.5, for completing a registered or industry-recognized  
18 apprenticeship program registered with the Alabama Office of  
19 Apprenticeship.

20           (b) The Alabama Office of Apprenticeship may certify  
21 industry-recognized apprenticeships, registered with the  
22 Alabama Office of Apprenticeship, as eligible training  
23 providers for the purpose of the federal Workforce Innovation  
24 and Opportunity Act, P.L. 113-128, and may deliver services to  
25 registered apprenticeship participants with qualifying  
26 training accounts under Title I of the federal Workforce  
27 Innovation and Opportunity Act, P.L. 113-128, through the

1 eligible training provider list of each regional workforce  
2 development board.

3 (c) The Alabama Office of Apprenticeship, with the  
4 advice and consent of the Alabama Apprenticeship Council and  
5 pursuant to the Alabama Administrative Procedure Act, may  
6 adopt rules as necessary to effectuate the intent of this act,  
7 and those rules shall conform to the published apprenticeship  
8 guidelines in 29 CFR 20 and 30.

9 (d) The Alabama Office of Apprenticeship, with the  
10 advice and consent of the Alabama Apprenticeship Council, may  
11 approve apprenticeship programs that are mandated by state or  
12 federal law as a result of the apprenticeship sponsor  
13 receiving funds or resources from the state, or funds or  
14 resources from the federal government, which require the  
15 creation of an apprenticeship program in accordance with a  
16 federal grant administered by the state, including contracts,  
17 grants, loans, tax abatements or exemptions, land transfers,  
18 land disposition and development agreements, tax increment  
19 financing, or any combination thereof.

20 (e) The Alabama Office of Apprenticeship shall  
21 establish competency based apprenticeship frameworks based on  
22 the regional and statewide compendia of valuable credentials  
23 created by the Alabama Workforce Council Committee on  
24 Credentialing and Career Pathways. The Alabama Office of  
25 Apprenticeship shall establish competency based apprenticeship  
26 frameworks for each occupation listed on a regional and  
27 statewide list of in-demand career pathways.

1 (f) The Alabama Committee on Credentialing and  
2 Career Pathways shall be charged with analyzing primary and  
3 secondary labor market data and data from the Alabama Terminal  
4 on Linking and Analyzing Statistics on Career Pathways to  
5 determine, annually, among the 16 career clusters and 79  
6 associated career pathways, which career pathways are in-  
7 demand at the regional and state level.

8 (g) The Alabama Committee on Credentialing and  
9 Career Pathways by majority vote of a present quorum, shall  
10 provide recommendations for appointment to the Governor, who  
11 shall appoint a technical advisory committee for each of the  
12 16 career and technical education career clusters.

13 (h) Each technical advisory committee shall conform  
14 to all of the following parameters:

15 (1) Each shall be composed of seven members who  
16 shall possess experience in education, workforce, or economic  
17 development in the industry segment for which the technical  
18 advisory committee is formed.

19 (2) Each shall maintain a majority of workforce and  
20 economic development representatives.

21 (3) No later than June 30, 2020, each of the 16  
22 technical advisory committees shall create an industry  
23 competency model and competency-based career lattice for,  
24 based on the United States Department of Labor's Career  
25 Pathways Toolkit and Competency Model Clearinghouse, each  
26 O\*NET occupation code within that technical advisory  
27 committee's career clusters and respective career pathways

1 with three or more stars on a regional or statewide in-demand  
2 career pathways list. The Alabama Committee on Credentialing  
3 and Career Pathways, annually, shall create statewide and  
4 regional compendia of valuable credentials, derived from the  
5 statewide and regional lists of in-demand career pathways.

6 (i) The Alabama Workforce Council Committee on  
7 Credentialing and Career Pathways shall be composed of all of  
8 the following:

9 (1) The cochairs of the committee shall be the  
10 Chancellor of the Alabama Community College System and the  
11 State Superintendent of Education.

12 (2) The membership of the committee shall be  
13 composed of all of the following ex officio members and  
14 appointees, or their designees:

15 a. The Governor.

16 b. The Chair of the Alabama Workforce Council.

17 c. The Chair of the Alabama Workforce Development  
18 Board.

19 d. The State Superintendent of Education.

20 e. The Chancellor of the Alabama Community College  
21 System.

22 f. The Secretary of the Alabama Department of Labor.

23 g. The Secretary of the Alabama Department of  
24 Commerce, Division of Workforce Development.

25 h. The Executive Director of the Alabama Commission  
26 on Higher Education.

1           i. The President of the Alabama Council of College  
2 and University Faculty Presidents.

3           j. Seven members appointed by the Governor, from  
4 each of the seven workforce regions, each of whom shall be a  
5 member of a regional workforce council or a local workforce  
6 development board.

7           Section 5. (a) The Alabama Office of Apprenticeship,  
8 in consultation with the Governor's Office of Education and  
9 Workforce Transformation, the P-20W Council, the Alabama  
10 Workforce Council Committee on Credentialing and Career  
11 Pathways, the State Department of Education, the Alabama  
12 Community College System, the Alabama Workforce Council, the  
13 regional workforce councils, the State Workforce Development  
14 Board, and the local workforce development boards, to the  
15 maximum extent practicable and permissible under state and  
16 federal law, shall align the required technical instruction  
17 and on-the-job training required for the completion of  
18 registered and industry-recognized apprenticeship programs in  
19 the state offered to career and technical education  
20 concentrators to the regional and statewide lists of in-demand  
21 career pathways credentials and to the two-prong career  
22 pathways model created by the Alabama Workforce Council  
23 Committee on Credentialing and Career Pathways.

24           (b) The Alabama Office of Apprenticeship, in  
25 consultation with the Governor's Office of Education and  
26 Workforce Transformation, the P-20W Council, the Alabama  
27 Workforce Council Committee on Credentialing and Career

1 Pathways, the State Department of Education, the Alabama  
2 Community College System, the Alabama Workforce Council, the  
3 regional workforce councils, the State Workforce Development  
4 Board, and the local workforce development boards, shall  
5 develop the Alabama Industry Recognized and Registered  
6 Apprenticeship (AIRRAP) model that shall be aligned to the  
7 regional and statewide lists of in-demand career pathways, to  
8 the regional and statewide compendia of valuable credentials,  
9 and to the two-pronged career pathways model created by the  
10 Alabama Workforce Council Committee on Credentialing and  
11 Career Pathways. The AIRRAP model shall conform to all of the  
12 following parameters:

13 (1) Beginning in 9th grade, students may participate  
14 in preapprenticeship programs aligned to career pathways and  
15 credentials designated as valuable by the state compendium of  
16 valuable credentials. During 10th, 11th, and 12th grade,  
17 students may participate in youth registered apprenticeships  
18 and industry-recognized apprenticeship programs. AIRRAP model  
19 graduates may earn their high school diploma, associate  
20 degree, industry-recognized credentials, and an apprenticeship  
21 credential at the time of high school graduation. Students  
22 participating in youth apprenticeships may also participate in  
23 dual enrollment courses at a community college. The State  
24 Department of Education and the Alabama Community College  
25 System shall collaborate to streamline articulation agreements  
26 among career pathways participating in the AIRRAP model to  
27 ensure a seamless transition between high school and community

1 college. The Alabama Office of Apprenticeship shall promote  
2 dual enrollment and postsecondary graduation credit for  
3 work-based learning credits earned while participating in  
4 secondary in school youth AIRRAP model programs.

5 (2) The Alabama Office of Apprenticeship and the  
6 Alabama Community College System shall promote apprenticeship  
7 programs for individuals who are coenrolled in adult basic  
8 education programs and postsecondary career and technical  
9 education programs to ensure that individuals who are  
10 disengaged from the workforce are able to gain access to  
11 education and training programs, with multiple points of entry  
12 and exit, with a focus on targeting the underemployed,  
13 historically underrepresented subgroups, the formerly  
14 incarcerated, out-of-school youth, recipients of temporary  
15 assistance for needy families, supplemental security income,  
16 or supplemental nutritional assistance programs, the long-term  
17 unemployed, those recovering from substance abuse, veterans,  
18 displaced homemakers, and other special populations and  
19 subgroups. The Alabama Office of Apprenticeship shall promote  
20 the use of the federal workforce opportunity tax credit to  
21 hire eligible AIRRAP model participants. The Alabama Office of  
22 Apprenticeship in cooperation with the Alabama Community  
23 College System and the State Department of Education, may  
24 establish an awards and recognition program for employers who  
25 hire in school youth and adult AIRRAP model participants.

26 Section 6. (a) The Alabama Apprenticeship Council,  
27 which shall be composed of public and private persons

1 representing employer and employee organizations that are  
2 familiar with apprenticeable occupations, is established. All  
3 appointing authorities shall coordinate their appointments so  
4 that diversity of gender, race, and geographical areas is  
5 reflective of the makeup of this state. The membership of the  
6 council shall consist of all of the following:

7 (1) The Governor, who shall serve as ex officio  
8 chair of the council.

9 (2) The Lieutenant Governor.

10 (3) The President Pro Tempore of the Senate.

11 (4) The Speaker of the House of Representatives.

12 (5) The Chancellor of the Alabama Community College  
13 System.

14 (6) The State Superintendent of Education.

15 (7) The Chair of the Alabama Workforce Development  
16 Board.

17 (8) The Chair of the Alabama Workforce Council.

18 (9) Nine members appointed by the Governor, and  
19 confirmed by the Senate, for a renewable term of service. The  
20 Governor shall assure that the membership of the council is  
21 inclusive and reflects the racial, gender, geographic, urban,  
22 rural, and economic diversity of the state. The members of the  
23 council appointed pursuant to this subdivision shall satisfy  
24 all of the following qualifications:

25 a. Three members shall be representatives of  
26 employer organizations.

1           b. Three members shall be public representatives who  
2 are members of employee or employer organizations.

3           c. Three members shall be representatives of  
4 employee organizations.

5           (b) The initial term of office of the nine members  
6 appointed to the council by the Governor shall be designated  
7 at the time of initial appointment by the Governor as follows:

8           (1) Three members, consisting of one member  
9 appointed pursuant to each of paragraphs a., b., and c. of  
10 subdivision (9) of subsection (a), shall be appointed for an  
11 initial term of one year. Successor members shall be appointed  
12 for terms of three years.

13           (2) Three members, consisting of one member  
14 appointed pursuant to each of paragraphs a., b., and c. of  
15 subdivision (9) of subsection (a), shall be appointed for an  
16 initial term of two years. Successor members shall be  
17 appointed for terms of three years.

18           (3) Three members, consisting of one member  
19 appointed pursuant to each of paragraphs a., b., and c. of  
20 subdivision (9) of subsection (a), shall be appointed for an  
21 initial term of three years. Successor members shall be  
22 appointed for terms of three years.

23           (c) Vacancies shall be filled by appointment of the  
24 Governor. The person appointed to fill a vacancy shall possess  
25 the same qualifications as the original appointment and shall  
26 hold office for the unexpired term and until his or her  
27 successor is appointed.

1 (d) The Alabama Apprenticeship Council shall serve  
2 in a regulatory capacity to the Alabama Office of  
3 Apprenticeship for all of the following functions:

4 (1) The approval of apprenticeship standards  
5 satisfying the requirements published in 29 CFR 29.

6 (2) Ensuring compliance of equal employment  
7 opportunity in apprenticeship, as defined in 29 CFR 30.

8 (3) Resolving disputes arising between the parties  
9 to an apprenticeship agreement.

10 (4) Providing recommendations to deregister,  
11 suspend, or cancel apprenticeship programs that are not  
12 compliant with state and federal apprenticeship regulations,  
13 as published in 29 CFR 29 and Article 20, commencing with  
14 Section 40-18-420, of Chapter 18, Title 40, Code of Alabama  
15 1975, the Apprenticeship Tax Credit Act of 2016.

16 (5) Providing community outreach and education on  
17 the benefits of apprenticeship.

18 (6) Assisting in the formulation of policies that  
19 concede the effective administration of apprenticeship  
20 programs.

21 Section 7. (a) Nothing in Sections 1 to 7,  
22 inclusive, of this act shall require the sponsors of  
23 nonregistered preapprenticeships, youth apprenticeships, and  
24 industry-recognized apprenticeships, including state agencies,  
25 colleges and universities, and business and industry sponsors  
26 to certify such programs with the Alabama Office of  
27 Apprenticeship.

1 (b) Nothing in Sections 1 to 7, inclusive, of this  
2 act shall be interpreted as a mandate to hinder funds duly  
3 distributed to a state agency, college or university, or any  
4 other entity receiving state or federal funds in support of  
5 apprenticeship activities.

6 (c) The Alabama Office of Apprenticeship, with the  
7 consent of the sponsor, shall permit the State Apprenticeship  
8 Intermediary to provide the required technical instruction and  
9 technical assistance, including the implementation of the  
10 competency models established in subdivision (3) of subsection  
11 (h) of Section 4 that are aligned to the on-the-job training  
12 for apprenticeship programs registered or certified by the  
13 Alabama Office of Apprenticeship.

14 (d) The State Department of Education shall continue  
15 to be the eligible agency to receive and administer career and  
16 technical education funding under the Perkins Act.

17 Section 8. Sections 40-18-422, 40-18-423, and  
18 40-18-424 of the Code of Alabama 1975, are amended to read as  
19 follows:

20 "§40-18-422.

21 "(a) ~~An~~ For tax years beginning on or after January  
22 1, 2017, through the tax year beginning January 1, 2019, an  
23 Alabama income tax credit is hereby established allowed for  
24 eligible employers that employ an apprentice for at least  
25 seven full months of the prior taxable year. The credit shall  
26 equal up to one thousand dollars (\$1,000) for each apprentice  
27 employed, not to exceed five apprentices employed. The

1 Department of Revenue, in consultation with the Workforce  
2 Development Division of the Department of Commerce, shall  
3 establish a scale reflecting ranges of amounts of money an  
4 employer has invested in an eligible apprentice and a  
5 corresponding tax credit amount and shall award the tax credit  
6 in accordance with this scale following confirmation from the  
7 Workforce Development Division that the apprentice for whom  
8 the credit is claimed is in compliance with all federal and  
9 state requirements for the apprenticeship program. The credit  
10 shall not be available for an individual apprentice for more  
11 than four taxable years.

12 "(b) For tax years beginning on or after January 1,  
13 2020, eligible employers that employ an apprentice for at  
14 least seven full months of the prior taxable year shall  
15 receive a credit equal to one thousand two hundred fifty  
16 dollars (\$1,250) for each apprentice employed, not to exceed  
17 10 apprentices employed. The Department of Revenue, in  
18 consultation with the Workforce Development Division of the  
19 Department of Commerce and the Alabama Office of  
20 Apprenticeship, shall establish a scale reflecting ranges of  
21 amounts of money an employer has invested in an eligible  
22 apprentice and a corresponding tax credit amount and shall  
23 award the tax credit in accordance with this scale following  
24 confirmation from the Workforce Development Division and the  
25 Alabama Office of Apprenticeship that the apprentice for whom  
26 the credit is claimed is in compliance with all federal and  
27 state requirements for the apprenticeship program. The credit

1 shall not be available for an individual apprentice for more  
2 than four taxable years.

3 "(c) For each credit claimed for each qualified  
4 apprentice under subsection (b) associated with an apprentice  
5 enrolled in a secondary or postsecondary career and technical  
6 education program, who is under the age of 18 at the time the  
7 credit is claimed, and who is participating in a youth  
8 registered or industry-recognized apprenticeship program  
9 registered with the Alabama Office of Apprenticeship and  
10 funded through either the Carl D. Perkins Career and Technical  
11 Education Act of 2006, P.L. 109-270, as revised by the  
12 Strengthening Career and Technical Education for the 21st  
13 Century Act, P.L. 115-224, adult basic education and literacy  
14 programs funded under Title II of the Workforce Innovation and  
15 Opportunity Act, P.L. 113-128, or public workforce programs  
16 funded under Title I and Title III of the Workforce Innovation  
17 and Opportunity Act, P.L. 113-128, may qualify for an  
18 additional tax credit, not to exceed five hundred dollars  
19 (\$500) to offset the costs associated with hiring each  
20 apprentice who is under the age of 18, not to exceed the  
21 aggregate cap of 10 apprentices hired, as provided in  
22 subsection (b). An eligible employer under this subsection may  
23 claim the additional tax credit described in this subsection  
24 after employing an in school youth apprentice, who satisfies  
25 the specifications provided in this subsection, for 90 days.

26 ~~"(b)~~(d) The credit shall be allowed against the tax  
27 imposed by Chapter 16 or Chapter 18 ~~of this title.~~ This tax

1 credit shall not be allowed to decrease a taxpayer's tax  
2 liability to less than zero. The credit is not refundable or  
3 transferable. The credit shall be available, on a pro rata  
4 basis, to the owners of qualified employers that are entities  
5 taxed under subchapters S or K of the Internal Revenue Code or  
6 limited liability companies or professional corporations  
7 authorized to do business in this state. An employer applying  
8 for a tax credit must apply each year to receive the credit  
9 for the preceding calendar year.

10 ~~"(c)(e)~~ The cumulative amount of tax credits issued  
11 pursuant to this article shall not exceed ~~three million~~  
12 ~~dollars (\$3,000,000)~~ seven million five hundred thousand  
13 dollars (\$7,500,000) annually. The Department of Revenue shall  
14 ensure that this cap is not exceeded, shall prescribe the  
15 various methods by which these credits are to be issued, and  
16 shall develop procedures to notify taxpayers at such points in  
17 time when the tax credit caps in this subsection have been  
18 reached for the applicable tax credit year.

19 ~~"(d)(f)~~ If an employer employs an apprentice for  
20 less than the full preceding calendar year, but for at least  
21 210 days during the full preceding calendar year, then the  
22 employer may apply for the full value of the credit ~~on a pro~~  
23 ~~rata monthly basis beginning on the first day of the first~~  
24 ~~full month of apprenticeship.~~

25 ~~"(e)(g)~~ The Department of Revenue shall prescribe a  
26 form to claim this credit that provides information to the

1 department sufficient for the proper administration of the  
2 credit.

3 "~~(f)~~ (h) The participation of an employee with an  
4 apprenticeship program under this article and registration  
5 with the Alabama Office of Apprenticeship ~~of the Employment~~  
6 ~~and Training Administration of the United States Department of~~  
7 ~~Labor~~ shall not constitute union affiliation, unless the  
8 employee expressly elects to affiliate with a union.

9 "§40-18-423.

10 "(a) The Alabama Office of Apprenticeship, under the  
11 direction of the Workforce Development Division of the  
12 Department of Commerce, ~~in coordination~~ with the consultation  
13 of the Board of Trustees of the Alabama Community College  
14 System or its designee, may adopt any rules necessary to  
15 establish standards for participation and eligibility and to  
16 implement and administer this article. The ~~division~~ Alabama  
17 Office of Apprenticeship shall consult with the Department of  
18 Revenue to coordinate implementation and administration of  
19 this article.

20 "(b) The ~~division~~ Alabama Office of Apprenticeship  
21 shall provide an annual report to the Chair of the House Ways  
22 and Means Education Committee and the Chair of the Senate  
23 Finance and Taxation Education Committee to account for the  
24 effectiveness of the apprenticeship program under this  
25 article.

26 "§40-18-424.

1                    "The tax ~~credit~~ credits allowed under this article  
2 shall be effective January 1, 2017, for the 2017 taxable year  
3 and shall continue through the ~~2021~~ 2025 tax year, unless  
4 extended by act of the Legislature."

5                    Section 9. This act shall become effective on the  
6 first day of the third month following its passage and  
7 approval by the Governor, or its otherwise becoming law.

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Senate

Read for the first time and referred to the Senate  
committee on Finance and Taxation Education ..... 16-APR-19

Read for the second time and placed on the calen-  
dar with 1 substitute and..... 25-APR-19

Read for the third time and passed as amended .... 02-MAY-19

Yeas 32  
Nays 0

Patrick Harris,  
Secretary.