



TAXPAYER CREDIT FOR HIRING K-12 STUDENTS AS INTERNS OR APPRENTICES

Model Policy

ExcelinEd Policy Toolkit - 2019

This document contains a model policy for a taxpayer credit for hiring K-12 students as interns or apprentices.

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SUMMARY

The Taxpayer Credit for Hiring K-12 Students as Interns or Apprentices Act encourages employers to provide authentic, work-based learning experiences to K-12 students so these students can learn what is expected in a work-place setting, develop and showcase job skills, obtain a work history and create employer networks for further career development.

MODEL POLICY - TAXPAYER CREDIT FOR HIRING K-12 STUDENTS AS INTERNS OR APPRENTICES ACT

Be It Enacted by the Legislature of the (state):

Section 1:

A. “Qualified intern” means:

1. An individual enrolled and in good standing at a K-12 public school in the state that is employed and supervised in (state) in a position that provides training and experience to the individual in their chosen field of study;
2. An individual who is paid a wage of no less than _____ hour by the taxpayer during a term of employment that last at least _____ weeks and includes a minimum of _____ hours of service per week.
3. The hiring of the individual may be through an internship, externship, apprenticeship, or other work-based learning opportunity that complies with this subsection.
4. The hired position must be linked to an occupation that the state has identified as high-demand, high-skill, and middle- or higher-level wages at a statewide or regional level using labor market data.

B. “State tax liability” means a taxpayer’s total tax liability that is incurred under:

1. (Section) the adjusted gross income tax;
2. (Section) the financial institutions tax; or
3. (Section) the insurance premiums tax.

The taxpayer’s total tax liability shall be computed after the application of the credits under (Section) are to be applied before the credit provided by this section.

C. “Taxpayer” means an entity that has any state tax liability.

D. “Pass through entity” has the same meaning set forth in (Section).

E. For taxable years beginning on or after January 1, (year), a taxpayer that hires a qualified intern under this section is entitled to a credit against the taxpayer’s state tax liability in the taxable year in which the taxpayer hires the qualified intern.

F. The amount of a taxpayer’s credit is equal to (percent) of the amount that the taxpayer pays in wages and benefits to the qualified intern during the student’s internship, externship, apprenticeship, or other work-based learning opportunity.



G. If a pass through entity is entitled to a credit under this section but does not have state tax liability against which the tax credit is applied, a shareholder, partner or member of the pass through entity is entitled to a tax credit equal to:

1. The tax credit determined for the pass through entity for the taxable year; multiplied by
2. The percentage of the pass through entity's distributive income to which the shareholder, partner, or member is entitled.

H. To apply a credit against the taxpayer's state tax liability, a taxpayer must claim the credit on the taxpayer's annual state tax return or returns in the manner prescribed by the (Department of Revenue). The taxpayer shall submit to the department the information that the department determines is necessary for the department to determine whether the taxpayer is eligible for the credit.

I. The credit provided by this section may be carried forward and applied to succeeding taxable years for (number of years) taxable years following the unused credit year.

J. The total amount of tax credits awarded under this section in a state fiscal year may not exceed (amount).

K. The (Department of Revenue), on an Internet web site used by the department to provide information to the public, shall provide the following information:

1. The application for the credit provided in this section.
2. A timeline for receiving the credit provided in this section.
3. The total amount of credits awarded under this section during the current state fiscal year.

L. The (Department of Revenue) shall adopt rules under (Section) to implement this section.

M. The (Department of Revenue) may in a proceeding under (due process section) suspend or terminate an employer's ability to claim the tax credit if the department determines that the employer has intentionally and substantially failed to comply with the requirements of this section. The department may conduct a financial review or an audit of the employer if the department has evidence of fraud.

N. The taxpayer shall provide the following information to the school district in which the qualified intern is enrolled by (date of each year):

1. The name of the student;
2. The demographics of the student, including sex, race, disability, and rural or urban.
3. The position for which the qualified intern has been hired.
4. The name of the taxpayer.
5. The amount of wages and benefits and hours worked.

O. The school district in which the qualified intern is enrolled shall report the information to the Department of Education described in subsection N by (date of each year).

N. In collaboration with the (Department of Revenue), the Department of Education shall report annually to the Governor, President of the Senate, and the Speaker of the House of Representatives, the number of qualified interns



hired, the demographics of the students on an aggregated level, the career cluster in which the qualified interns were hired, and the total amount of credits claimed and credited in the state fiscal year.

Section 2.

This act becomes effective _____.