

# FISCAL NOTE

September 11, 2017

<b>Bill No:</b>	HB 25	<b>Printer's No:</b>	PN 0188	<b>Sponsor:</b>	Mackenzie
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### COST / (SAVINGS)

<b>Fund (s)</b>	<b>2017-18</b>	<b>2018-2019</b>
General Fund	Up to \$10 million	Up to \$10 million
Restricted Account	TBD	TBD

**SUMMARY:** This legislation establishes the CareerBound program, a school-to-work pilot education and workforce development program.

**ANALYSIS:** The CareerBound program would be administered by the Department of Labor and Industry (L&I), and would allow local workforce investment boards (LWIBs), employers, school partners, and institutions of higher education to enter into contracts to develop and execute school-to-work programs for high-priority occupations. Under this legislation, L&I would work in conjunction with the Department of Education (PDE), the Department of Community and Economic Development (DCED), and the statewide workforce investment board (WIB) to implement the program.

Under this legislation, a LWIB may submit an application to L&I requesting approval for participation in the CareerBound program. L&I in consultation with PDE, DCED, and the statewide WIB will approve up to seven school-to-work pilot programs for participation in the CareerBound program.

Priority must be given to proposed programs demonstrating integration across multiple education levels, an ability to leverage other funding and programming resources, a commitment from a business partner to provide preferred interviews to students completing the school-to-work pilot program.

Within 30 days of the completion of the approval process, L&I will enter into a contractual agreement with LWIB's which submitted an approved application. L&I may terminate a program for failure to comply with program requirements, and a replacement program may be approved.

All pilot programs will expire after four school years of operation.

Within 30 days of signing a participation contract, a taxpayer that is a business partner in a CareerBound pilot program may apply to DCED for a tax credit. Tax credits will be made available on a first-come, first-served basis. A taxpayer that is not a business partner may apply to DCED for a tax credit after business partner tax credits are made available. A taxpayer applying for a credit may designate a school-to-work pilot program to receive the funds it contributes. L&I will allocate no less than 50% of the funds contributed to the designated pilot program.

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A taxpayer approved to receive a tax credit must make a payment to DCED in an amount and manner prescribed by DCED. DCED will deposit all payments into a restricted account for distribution to school-to-work pilot programs. Upon receipt of payment, DCED will issue a taxpayer a certificate for the tax credits approved. For taxpayers who are CareerBound business partners, the amount must be equal to 90% of the funds paid to DCED. For a taxpayer who is not a business partner, the amount must be equal to 75% of the funds paid to DCED.

The total aggregate amount of all tax credits issues under this legislation may not exceed \$10 million. The total amount of tax credits issued to a single taxpayer may not exceed \$500,000. If a taxpayer cannot use the entire amount of the tax credit for the applicable taxable year, the excess may be carried over to succeeding taxable years and used in the same manner. Each time a tax credit is carried over, it will be reduced by the amount used in the immediately preceding taxable year. Tax credits cannot be utilized for tax years beginning after December 31, 2020.

Upon application to and approval by DOR, a taxpayer may sell or assign all or part of a CareerBound tax credit (if the taxpayer does not have any tax liability against which the credit may be applied in that year). DOR will establish guidelines for the approval of an application to sell or assign a CareerBound tax credit. Before an application is approved, DOR must find that the applicant and assignee have filed all required state tax reports and returns for all applicable taxable years and have paid the balance of all state tax due. The purchaser or assignee may not carry forward, carry back or obtain a refund for, or sell the tax credit.

L&I, PDE, DCED, and the statewide WIB will jointly submit annual and final reports regarding the implementation of CareerBound and school-to-work pilot programs to the Governor, Auditor General, and the chairs of the House and Senate Appropriations, Education and Labor and Industry Committees.

This act shall take effect immediately.

**FISCAL IMPACT:** The aggregate amount of all credits issued may not exceed \$10 million. Therefore, the amount of credits issued in any one fiscal year may vary. The requirements of this legislation will increase the workload of the LWIB staff. Additional staff may be needed to review and monitor applications and develop the necessary reports mandated by the legislation.