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## OLR Bill Analysis

**sSB 98 (File 560, as amended by Senate "A")\***

### ***AN ACT EXTENDING THE MANUFACTURING APPRENTICESHIP TAX CREDIT TO PASS-THROUGH ENTITIES.***

#### **SUMMARY**

This bill extends the manufacturing apprenticeship tax credit to the affected business entity tax (i.e., pass-through entity or PE tax), allowing members of pass-through entities (e.g., limited liability companies (LLCs) and S corporations) to claim the credit against this tax and reduce their PE tax liability. The bill allows pass-through entities to do so for tax years beginning on or after January 1, 2022, and requires that the available credit be based on the PE tax due before applying this credit or any other payments against the tax.

Although current law allows pass-through entities to earn the manufacturing apprenticeship tax credit, it bars their owners from claiming it. Instead, the law allows them to cash in their credits by selling, assigning, or transferring them to businesses that may apply them against the corporation business tax, utility companies tax, and petroleum products gross earnings tax. The bill eliminates this authorization for tax years beginning on or after January 1, 2022.

By law, the manufacturing apprenticeship tax credit is available for each apprentice under a qualified training program and equals the lesser of \$6 per hour the apprentice works, \$7,500, or 50% of the actual apprenticeship wages. Taxpayers may claim it in the first year of a two-year program or the first three years of a four-year program.

The bill also makes conforming and technical changes.

\*Senate Amendment "A" eliminates provisions allowing the credit's application against the personal income tax.

EFFECTIVE DATE: July 1, 2022, and applicable to income or tax years

beginning on or after January 1, 2022.

**COMMITTEE ACTION**

Commerce Committee

Joint Favorable Change of Reference - FIN  
Yea 23 Nay 0 (03/08/2022)

Finance, Revenue and Bonding Committee

Joint Favorable  
Yea 51 Nay 0 (04/06/2022)