



EMPLOYER TAX CREDIT

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Montana Registered Apprenticeship is full-time employment from the start. It is an on-the-job training model that produces good-paying, sustainable jobs and highly skilled workers to meet employer needs.

EARN WHILE YOU LEARN

This proven, successful training program combines paid, hands-on skills learning alongside a journeyman/mentor and technical instruction in a classroom and/or online.

Typically, the employer pays some or all of the apprentice's training costs.

Apprentice graduates receive a nationally recognized certificate/credential upon completion.

SUSTAINABLE JOBS

Of apprentice graduates from 2000-2014, at least 78.2% were still working for Montana employers in 2014.

GOOD WAGES

The wage gain for apprentice graduates is much higher than that for all other workers. For comparison, the average real wage for all Montana workers only increased by \$3,300 in the ten years from 2003 to 2013 (10.3%). Apprentice program 2012 graduates experienced real wage growth of \$32,000 from 2003 to 2013, more than doubling their wages.

Including graduates from 2000 to the first quarter of 2014, the average annual real wages for apprentice graduates increased by \$19,800 from the year before entering training to the third year after graduation. This includes over \$17,100 in wage gains during the four years of training, and an additional \$2,700 in wage gains in the three years after graduation.

SMART BUSINESS INVESTMENT

This on-the-job training model allows employers to train workers with the specific skills to meet their needs. Registered Apprenticeship can increase worker productivity and improves the quality of the workforce. It benefits employers through worker recruitment and retention.

BENEFITS ALL SECTORS OF MONTANA'S ECONOMY

There are over 1000 apprenticeable occupations, and they run the career spectrum— from Healthcare Information Technology to Electrician to Computer Programmer. Small and large businesses in every industry can benefit from Montana Registered Apprenticeship. The Apprenticeship Tax Credit for employers will help this program grow and respond to myriad industry workforce needs.



HB 277

SPONSOR: REP. CHRISTY CLARK HD 17

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WORKFORCE CHALLENGES

THE EMPLOYER TAX CREDIT IS NEEDED.

This tax credit is an incentive that will help employers fill the skills gap for in-demand occupations (skilled trades, advanced manufacturing, computer technology, healthcare, energy industry) while creating more meaningful career opportunities for our citizens.

EMPLOYER TAX CREDIT

WHAT IS IT?

Any employer that hires and trains an individual in an apprenticeship occupation, registered with Montana's Department of Labor & Industry, will be eligible to claim a \$1,000 dollar employer tax credit, per apprentice, per year for a maximum period of four years.

ELIGIBILITY

Each apprentice must first successfully complete their probationary period, and/or complete six months of the apprenticeship program, whichever is earlier, in order for the employer to be eligible for the tax credit.

OUTCOME

It is estimated that the employer tax credit would create a 15% increase (approximately 165 apprentices per year) in the number of apprentices for each year of the first three years of the credit.

TIMELINE

The law would go into effect on January 1, 2016.

CAN EMPLOYERS GET A TAX CREDIT FOR CURRENT APPRENTICES, OR DO THE WORKERS NEED TO BE NEW APPRENTICES?

Current apprentices and new apprentices qualify. An employer can submit a claim for any apprentice that is working in a program as of January 1, 2016. There is no retro-activity, but programs typically take 3-4 years to complete, so if an apprentice is in 2nd, 3rd, 4th year of their program, as of January 1, 2016, they are eligible for that year and moving forward.

ARE THERE ANY LIMITS FOR THE NUMBER OF APPRENTICES THAT AN EMPLOYER CAN CLAIM?

No.

DOES THE EMPLOYER NEED TO DEMONSTRATE THAT THE TAX CREDIT SAVINGS ARE UTILIZED FOR TRAINING COSTS, APPRENTICESHIP SALARIES, ETC.?

No, but we believe it will help offset the hiring and training costs required, while helping the employer's bottom line and contributing to the retention of the apprentice.

ARE THERE ANY OTHER SIMILAR STATE MODELS THAT DEMONSTRATE POSITIVE RESULTS?

Yes. After implementing an employer tax apprenticeship tax credit, Arkansas reported a 10% increase in the number of apprentices, and South Carolina reported a 25% increase.