

SB751_GBC_FAV

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TESTIMONY PRESENTED TO THE SENATE BUDGET & TAXATION COMMITTEE

SENATE BILL 751 – APPRENTICESHIP START-UP ACT OF 2020

March 4, 2020

**DONALD C. FRY
PRESIDENT & CEO
GREATER BALTIMORE COMMITTEE**

Position: Support

The Greater Baltimore Committee (GBC) supports Senate Bill 751, which expands eligibility for the state income tax credit for employers who hire apprentices through registered apprenticeship programs to include youth apprenticeships and further defines eligibility criteria by hours worked in a tax year. Senate Bill 751 increases the tax credit amount from \$1,000 to \$3,000 per registered apprentice and prohibits an entity from receiving more than \$15,000 in credits in a single tax year.

Apprenticeships are employer-sponsored workforce training programs that prepare workers for skilled occupations through a combination of on-the-job training and instruction. Apprenticeships provide workers with the ability to acquire skills and increase wages while they are working. While apprenticeships have been pervasive across Europe for centuries, they have recently resurged in the United States as an effective means to train workers across multiple industries.

As the skills gap continues to grow in industries such as building and construction, healthcare, and information technology, employers are revisiting apprenticeships as an effective means to train workers in skilled occupations that do not require a bachelor's degree. The GBC supports the extension of the state income tax credit for employers who hire apprentices as an incentive to create more registered apprenticeship programs in the state and help to close the skills gap.

Senate Bill 751 is consistent with a key tenet in *Gaining the Competitive Edge: Keys to Economic Growth and Job Creation in Maryland*, a report published by the GBC that identifies eight core pillars for a competitive business environment and job growth:

Workforce that is highly educated and meets Maryland's business needs. Maryland's secondary and higher education institutions must offer access to quality instruction at all levels and cultivate a workforce that is well-suited to a modern economy and to the specific needs of Maryland's business sectors.

Finally, the Greater Baltimore Committee's 2020 Legislative Priorities state that a key priority is strengthening education and workforce systems to prioritize equity, accountability, and alignment with Maryland's high-growth industry sectors. The 2020 Legislative Priorities specifically call for support for policies and programs to increase employer-based apprenticeships and internships.

For these reasons, the Greater Baltimore Committee urges a favorable report on Senate Bill 751.

The Greater Baltimore Committee (GBC) is a non-partisan, independent, regional business advocacy organization comprised of hundreds of businesses -- large, medium and small -- educational institutions, nonprofit organizations and foundations located in Anne Arundel, Baltimore, Carroll, Harford, and Howard counties as well as Baltimore City. The GBC is a 65-year-old, private-sector membership organization with a rich legacy of working with government to find solutions to problems that negatively affect our competitiveness and viability.

GREATER BALTIMORE COMMITTEE

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MBIA SB715 FAV

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Position: FAV

March 4, 2020

The Honorable Guy Guzzone
Chairman, Senate Budget and Taxation Committee
Senate Office Building, 3 West
11 Bladen Street
Annapolis, MD 21401

RE: Support of Senate Bill 751 (Apprenticeship Start-Up Act of 2020)

Dear Chairman Guzzone:

The Maryland Building Industry Association (MBIA), representing 100,000 employees of the building industry across the State of Maryland, supports Senate Bill 751 (Apprenticeship Start-Up Act of 2020).

This measure allows apprenticeship employers to apply for a tax credit for apprenticeship programs, and establishes a fund to support such credits. This could make a positive difference to workforce shortage occupations like construction and development, which are currently facing labor shortages. Many workers left the industry during the recession, and never returned. As older workers are retiring, no one is available to take their spots. Compounding this problem, a whole generation of younger soon-to-be workers is no longer considering residential/commercial construction as a viable career path. Many high schools have phased out shop classes, or don't encourage students to explore them, so students who might benefit from a career in the trades no longer have the opportunity to learn about them.

Home building slows without a strong labor force, keeping families from building strong communities and stunting economic progress in the State. Granting tax credits for apprenticeship programs encourages these programs which provides an opportunity for Marylanders to learn technical trades, enter the job market, earn a sustainable income, and contribute to the economic development of the State.

For these reasons, MBIA respectfully requests the Committee give this measure a favorable report. Thank you for your consideration.

For more information about this position, please contact Lori Graf at 410-800-7327 or lgraf@marylandbuilders.org.

cc: Senate Budget and Taxation Committee Members

MDChamber_Griffin_FAV_SB751

Uploaded by: Griffin, Andrew

Position: FAV



LEGISLATIVE POSITION:

Favorable

Senate Bill 751

Apprenticeship Start-Up Act of 2020

Senate Budget & Taxation Committee

Wednesday, March 4, 2020

Dear Chairman Guzzone and Members of the Committee:

Founded in 1968, the Maryland Chamber of Commerce is the leading voice for business in Maryland. We are a statewide coalition of more than 4,500 members and federated partners, and we work to develop and promote strong public policy that ensures sustained economic growth for Maryland businesses, employees and families. Part of our work includes developing a workforce and talent pipeline that ensures Maryland's continued economic expansion.

Senate Bill 751 would eliminate the termination date of the apprenticeship income tax credit and expand the tax credit program by increasing the amount from \$1,000 to \$3,000 for each eligible apprentice. The bill also eliminates the \$500,000 annual cap on the program and creates an apprenticeship tax credit reserve fund.

Apprenticeships are a critically important tool for workforce development in Maryland. These voluntary, industry-sponsored opportunities afford jobseekers the ability to gain the high-level skills and technical knowledge required in certain industries. They do this through supervised, on-the-job training under the guidance of a skilled journeyman. Employers benefit from these opportunities by providing the skills training needed to meet their workforce needs for the future.

The Maryland Chamber of Commerce supports any effort to expand workforce development offerings in the State, including apprenticeship programs. Through the Maryland Chamber Foundation, we are engaged in initiatives including business education on workforce best practices, talent pipeline support, workforce development needs and establishing partnerships between businesses and schools to support underserved communities in career-focused education, licensure, CTE, apprenticeships and more¹.

For these reasons, the Maryland Chamber of Commerce respectfully request a **favorable report** on Senate Bill 751.

¹ <https://mdchamber.org/foundation/workforce-development/>

Apprenticeship Startup Act Testimony

Uploaded by: Lucchi, Len

Position: FAV



SB751

Apprenticeship Startup Act of 2020

Position: FAVORABLE

Members of the Committee,

The Maryland Workforce Alliance is a statewide membership organization of 36¹ trade associations, labor unions, and apprenticeship providers. Our members are from all sectors including but not limited to healthcare, automotive, transportation, clean energy, maritime, state employees, service workers, agriculture, cybersecurity, IT, building trades, and more. We proudly endorse SB751, The Apprenticeship Startup Act, as it will help achieve the Alliance's mission to pass common-sense workforce training legislation that will spur the creation of jobs in markets experiencing labor shortages and help expand registered apprenticeships in Maryland.

In Maryland, as of 2018, we have roughly 105,000 unemployed people. Yet, there are over 113,000 good-paying, "middle-skill" jobs vacancies that employers are struggling to fill. Therefore, we have more jobs available than we have unemployed workers. Additionally, across the entire state of Maryland, there are only 65 youth participating in registered apprenticeship programs. As these numbers show, there is a grave skills-gap in Maryland.

¹ mdworkforcealliance.com/members

The Apprenticeship Startup Act incentivizes employers to create new apprenticeship programs by ensuring they have adequate funding to get started. The tax credit already exists, so SB751 is a simple bill that just current law more focused and effective. While it is important that schools develop robust Career & Technical Education, it is crucial that industry has a stake in the game as well. They are experts on the skills needed for their various industries, so they should have the support they need to start apprenticeship programs.

Apprenticeships benefit employers in the long term because they provide:

- **A Low Cost, High Return Investment:** When employers hire apprentices, they have lower costs for internal training and recruitment, and they have higher employee retention rates.
- **A Customized Approach to Training:** Apprenticeships are tailored to a specific job role, allowing the role to be tailored to the needs of each business or industry.
- **Related Classroom Instruction:** The integration of on and off-the-job training² provides apprentices multiple education pathways to gain the skills that are needed for career readiness in specific industries.

For employers to gain these benefits, we must provide them financial assistance through tax credits.

The Maryland Workforce Alliance encourages a favorable report on SB751. Let's continue to build a strong economy in Maryland.

Respectfully,

Leonard Lucchi
MD Workforce Alliance, Senior Advisor
202-422-2241, llucchi@omng.com

² through robust Career & Technical Education classes in public schools

SB0751 MCPS BOE

Uploaded by: SUSSKIND, MCPS BOE

Position: FAV



MONTGOMERY COUNTY BOARD OF EDUCATION

Expanding Opportunity and Unleashing Potential

850 Hungerford Drive ♦ Room 123 ♦ Rockville, Maryland 20850

BILL: SB0751 (Cross filed with HB1457)
TITLE: Apprenticeship Start-Up Act of 2020
DATE: 3/4/2020
POSITION: SUPPORT
COMMITTEE: Budget and Taxation
CONTACT: Danielle M. Susskind, Coordinator, Legislative Affairs
[Danielle M Susskind @mcpsmd.org](mailto:Danielle.M.Susskind@mcpsmd.org)

The Montgomery County Board of Education (Board) **supports** SB0751.

Current law does not provide employers of youth apprentices a tax credit, and only provides a \$1,000 credit to employers of registered apprentices.

This bill would incentivize employers to hire Montgomery County Public Schools (MCPS) students interested in a youth apprenticeship opportunity via the tax credit, as well as employers of registered apprentices by increasing the allowable tax credit to \$3,000 per apprentice.

This bill supports the goals of MCPS by creating more career learning opportunities for students.

For these reasons, the Board **supports** this legislation and urges a favorable report.

SB751_IEC Chesapeake_FWA_ Kevin O'Keeffe

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March 4, 2020

To: Senate Budget and Taxation Committee

From: Independent Electrical Contractors (IEC) Chesapeake

Re: Support with Amendment for SB 751 – Apprenticeship Start-Up Act of 2020

IEC Chesapeake supports Senate Bill (SB) 751 with an amendment to not limit the tax credit to only five apprentices for Maryland employers. IEC Chesapeake supports efforts to both extend and increase the apprenticeship tax credit from \$1,000 to \$3,000 per apprentice. The shortage of skilled workers makes it essential that apprenticeship programs keep expanding and providing opportunities to both young and old workers.

Independent Electrical Contractors (IEC) Chesapeake represents members throughout Delaware, Maryland, Virginia, Pennsylvania, and Washington, D.C. Our headquarters are located in Laurel, Maryland. IEC Chesapeake has an extensive apprenticeship program for training electricians. In addition, IEC Chesapeake promotes green economic growth by providing education and working with contractor members, industry partners, government policy makers and inspectors to increase the use of renewable energy.

Thanks for your consideration. If you have any questions, please contact Grant Shmelzer, Executive Director of IEC Chesapeake, at 301-621-9545, extension 114 or at gshmelzer@iec-chesapeake.com or Kevin O'Keeffe at 410-382-7844 or at kevin@kokeeffelaw.com.



BDCBT_UNF_SB751

Uploaded by: Guido, Jeff

Position: UNF



Maryland Senate – Budget and Tax Committee

Chair: Guy Guzzone

Vice Chair: Jim Rosapepe

Senate Bill 751 – Apprenticeship Start Up Act of 2020

Position: Oppose

The Baltimore DC Metro Building Trades Council fully supports apprenticeship. We oppose senate bill 751. Apprenticeship training is the corner stone of our success in the highly competitive construction industry. Our model of joint labor and management sponsorship provides fully funded training scholarships for all of our apprentices. We firmly believe that apprenticeships should be industry funded and not totally reliant on grant funding through MD State tax dollars. Registered apprenticeships are jobs where workers “earn and learn.” While working on the job, employees receive one-on-one full-time training from a skilled craftsperson as well as related classroom instruction. An apprentice is “sponsored” by an employer or association and is paid according to a progressive pay scale. This is stated in the fiscal note of the bill. Senate Bill 751 is a "Field of Dreams" build it and they will come legislation. We ask the committee for an unfavorable report.

The following website links will provide more detailed information on what is currently required for apprentices and youth apprenticeships.

<https://www.dllr.state.md.us/> home website for MD DOL Dept. Labor Licensing Regulation

<https://www.dllr.state.md.us/employment/appr/youthappr.shtml> Youth apprenticeship purpose, history and links to information on employer and student success stories.

<https://www.dllr.state.md.us/labor/wages/empm.shtml> information on minor work permits, allowable age to enter the work force and prohibited hazardous occupations for minors, etc.

<https://www.dllr.state.md.us/employment/appr/youthapprforms.shtml> regulations and compliance forms for registration of a youth apprenticeship and reporting requirements. Thank you.

Jeffrey Guido – Director (E) jguido@bdcbt.org (O) 301-909-1071
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