
MARYLAND DEPARTMENT OF LABOR TESTIMONY ON SENATE BILL 325

TO: Senate Budget and Taxation Committee
FROM: Maryland Department of Labor
DATE: January 22, 2025
BILL: Income Tax - Credit for Employers of Eligible Apprentices - Alterations

MD Labor POSITION: INFORMATIONAL

The Maryland Department of Labor's (MD Labor) Division of Workforce Development and Adult Learning (DWDAL), acting as the State Apprenticeship Agency, oversees Registered Apprenticeship in Maryland. MD Labor encourages RA as a job training method and is always seeking ways to grow and incentivize utilization of this workforce training strategy.

The Maryland Apprenticeship and Training Program (MATP) processes the Apprenticeship Tax Credit. SB 325 updates the existing credit in two ways:

1. The bill removes language requiring Apprentices be paid 50% of the Prevailing Wage rate on qualifying jobs. While the Prevailing Wage rate differs by occupation and jurisdiction, 50% of the Prevailing Wage does not always align with an Apprentice's pre-determined progressive wage scale. Thus, the bill realigns the credit with traditional wage patterns; and,
2. The bill extends the sunset of the tax credit from 2025 to 2031.

MATP has processed the Apprenticeship Tax Credit since its inception in 2017. MD Labor recognizes that the credits are a tool that incentivize employers to utilize the Registered Apprenticeship model. In the first three years of the tax credit's existence, MATP processed approximately 281 applications per year. SB 325 removes the language relating to prevailing wage that was added in 2020, after which there were significantly fewer applications, returning the credit to its original statutory language from 2017. Given this change, MD Labor would anticipate processing credits at a similar rate of ~281 per year.

SB 325 also extends the sunset period for the Apprenticeship Tax Credit from 2025 to 2031. MD Labor is unaware of provisions to fund the tax credit beyond June 30, 2025.

The Department respectfully requests the Committee to consider this information. For questions, please contact Andrew Fulginiti, at Andrew.Fulginiti@maryland.gov.