

MARY BETH CAROZZA
Legislative District 38
Somerset, Wicomico,
and Worcester Counties

Education, Energy, and
the Environment Committee

Executive Nominations Committee



Annapolis Office
James Senate Office Building
11 Bladen Street, Room 316
Annapolis, Maryland 21401
410-841-3645 • 301-858-3645
800-492-7122 Ext. 3645
Fax 410-841-3006 • 301-858-3006
MaryBeth.Carozza@senate.state.md.us

THE SENATE OF MARYLAND
ANNAPOLIS, MARYLAND 21401

January 22, 2025

The Senate Budget and Taxation Committee

SB 325 – Income Tax – Credit for Employers of Eligible Apprentices – Alterations
Statement of Support by Bill Sponsor Senator Mary Beth Carozza

Thank you, Chair Guzzone, Vice Chair Rosapepe, and members of the distinguished Senate Budget and Taxation Committee for allowing me to present Senate Bill 325 – Income Tax – Credit for Employers of Eligible Apprentices – Alterations.

SB 325 would extend the sunset of the Registered Apprenticeship Tax Credit until June 30, 2031 and repeals the current 50 percent prevailing wage requirement to earn the State Apprenticeship Tax Credit (SATC).

I want to thank my fellow members of the Apprenticeship 2030 Commission, Vice Chair Jim Rosapepe who has been a leader in supporting career education and supporting workforce development in Maryland and Senate Pro Tem Malcolm Augustine, along with Senators Bailey, Corderman, Jennings and Salling, members of this committee, for cosponsoring this legislation.

Like you, I constantly hear from Maryland employers about the shortage of skilled and trained employees in high demand occupations and the need to provide affordable training for career pathways for young people. The Apprenticeship 2030 Commission was established by the Maryland General Assembly in 2023 specifically to make recommendations to grow registered apprenticeships to meet the urgent needs of employers and to provide a pathway to our students and others for well-paying careers.

Senate Bill 325, which is one of the recommendations of the Apprenticeship 2030 Commission, would extend the current Maryland apprenticeship tax credit through Fiscal 2030 and would remove the minimum starting wage of 50 percent of the state-set prevailing wage, returning back to the original apprenticeship tax credit of 2017, sponsored by Senator Rosapepe.

As a member of the Apprenticeship 2030 Commission, I have found our work on making these recommendations to be a highlight of my public service and I have appreciated the work of all the partners involved, especially local Shore employers like Seaside Plumbing, Delaware Elevator, and Pohanka Automotive, the Lower Shore Workforce Alliance, and all three public school systems in my district – Worcester, Wicomico and Somerset.

The need for Senate Bill 325, to adjust the current Maryland apprenticeship tax credit, was brought to my attention by one of my constituents, Lauren Martin CPA and Vice President of Seaside Plumbing, who could not be here in person due to the passing of her grandmother.

During an apprenticeship and career forum held at Somerset County Technical High School in my district in September 2023, Ms. Martin and Bob Hendricks with the Lower Shore Workforce Alliance first brought the challenges that small businesses were facing in their efforts to use the current apprenticeship tax credit as an incentive for developing their apprenticeship programs.

As a member of the Apprenticeship 2030 Commission, I brought those challenges to the Commission's attention and several of the Commission members heard these challenges firsthand when we visited Seaside Plumbing in Berlin (Worcester County), toured Seaside's apprenticeship training facility, and met their apprentices on August 13, 2024.

During our visit and in her written testimony in support of SB 325, Ms. Martin highlighted that the amendment to the Apprenticeship Start-Up Act of 2020 which requires that apprentices be paid at least 50 percent of the prevailing wage rate (\$42/hour at the time) to qualify for the tax credit "made it nearly impossible for small businesses like ours (Seaside Plumbing) particularly those operating in residential plumbing on the Eastern Shore to participate."

It is imperative that we have workable incentives for employers if we are to be successful in increasing the number of Registered Apprenticeships in the State of Maryland. The State Apprenticeship Tax Credit (SATC) incentivizes employers to use Registered Apprenticeships, but the 2020 wage requirement amendment has hindered the effectiveness of Maryland's apprenticeship tax credit.

The original 2017 apprenticeship tax credit legislation did not include a prevailing wage requirement. From 2017 to 2019, almost 850 Registered Apprenticeships were supported by the tax credit. In 2020, the prevailing wage requirement was added by the Apprenticeship Start-Up Act. After that change, only 81 Registered Apprenticeships were supported by the tax credit according to the Maryland Department of Labor.

Extending the State Apprenticeship Tax Credit to 2030 and repealing the 50 percent prevailing wage requirement for the apprenticeship tax credit would allow the apprenticeship tax credit to be an effective employer incentive, thus increasing Registered Apprenticeships across the State, strengthening Maryland's workforce and giving more young people and adults pathways to well-paid careers, especially in high-demand occupations.

I truly appreciate your kind attention and consideration, and I respectfully ask for a swift and favorable report on SB 325.