

SB 235 -2025 (FAV) - MWA .pdf

Uploaded by: Brandon Butler

Position: FAV

MWA Members

Anne Arundel County
Anne Arundel Workforce
Development Corporation *Kirkland
Murray, Executive Director*

Baltimore City
Mayor's Office of Employment
Development
MacKenzie Garvin, Director

Baltimore County
Baltimore County Department of
Economic and Workforce
Development
Jonathan Sachs, Director

Carroll County
Carroll County Workforce
Development
Heather Lee Powell, Manager

Frederick County
Frederick County Workforce
Services
Michelle Day, Director

Howard County
Howard County Office of Workforce
Development
Stephanie Adibe, Director

Lower Shore
Lower Shore Workforce Alliance
(Somerset, Wicomico, & Worcester,
Counties)
*Leslie Porter-Cabell, Workforce
Director*

Montgomery County WorkSource
Montgomery, Inc. *Anthony
Featherstone, Executive Director*

Prince George's County
Prince George's County Workforce
Development Board *Walter
Simmons, Executive Director*

Southern Maryland
Southern Maryland Job Source
(Calvert, Charles, & St. Mary's
Counties)
Ruthy Davis, Director

Susquehanna Region
Susquehanna Workforce Network,
Inc. (Cecil & Harford Counties)
Kimberly Justus, Executive Director

Upper Shore
Upper Shore Workforce Investment
Board (Caroline, Dorchester, Kent,
Queen Anne's, & Talbot Counties)
*Dan McDermott, Interim Executive
Director*

Western Maryland
Western Maryland Consortium
(Allegany, Garrett &
Washington Counties)
*Amos McCoy, Interim Executive
Director*

January 20, 2025

The Honorable Guy Guzzone
Senate Budget and Taxation Committee
Miller Senate Office Building
11 Bladen Street, Room 3
Annapolis, Maryland 21401

Dear Chair Guzzone and Members of the Senate Budget and Taxation Committee,

On behalf of the Maryland Workforce Association (MWA), an association of the thirteen local workforce boards in the State of Maryland, I am writing to express strong SUPPORT for **Senate Bill 325 – Income Tax Credit for Employers of Eligible Apprentices – Alterations.**

The Association and its members are the experts on workforce development in Maryland's communities connecting citizens to quality jobs and businesses to their next great employee. One of the ways we do that is through investing in apprenticeship opportunities. As Maryland continues to focus on apprenticeship opportunities for both youth and adults, Maryland's thirteen workforce boards work with businesses, along with our state partners, to expand this time tested model to various occupations.

This legislation is a critical step in expanding workforce opportunities and strengthening Maryland's economy by incentivizing the employment and development of apprentices across industries.

- Removes barriers by eliminating the wage requirement tied to the prevailing wage, allowing more employers to participate.
- Extends the program's duration through 2031, ensuring long-term benefits for workforce development.
- Encourages youth apprenticeships by offering enhanced credits, promoting career pathways for young Marylanders.

Again, apprenticeships are a proven model for closing skill gaps, connecting Marylanders to quality jobs, and supporting businesses in building a competitive workforce. Senate Bill 325 makes this program more accessible and impactful for employers and apprentices alike.

We urge a favorable report on Senate Bill 325 and look forward to continued collaboration with the General Assembly to expand workforce opportunities. Should you have any questions regarding our position, please do not hesitate to contact the Association's Executive Director, Brandon Butler, at 240.434.524 or mwaexecdirector@gmail.com.

Sincerely,

Kirkland Murray, President
Maryland Workforce Association

SB0325_OCChamber_Thompson_FAV.pdf

Uploaded by: DENNIS RASMUSSEN

Position: FAV



Ocean City, Maryland Chamber of Commerce

410-213-0144 info@oceancity.org
oceancity.org 12320 Ocean Gateway, Ocean City, MD 21842

TESTIMONY OFFERED ON BEHALF OF THE GREATER OCEAN CITY MARYLAND CHAMBER OF COMMERCE

IN SUPPORT OF:

SB0325 – Income Tax - Credit for Employers of Eligible Apprentices - Alterations

Before:

Budget and Taxation Committee

Hearing: 1/22/25 at 10:30 AM

The Greater Ocean City Chamber of Commerce, representing more than 700 regional businesses and job creators, **SUPPORTS Senate Bill SB03255 – Income Tax - Credit for Employers of Eligible Apprentices - Alterations**. This legislation would extend the sunset of the Registered Apprenticeship Tax Credit until June 30, 2031, and would repeal the current 50% prevailing wage requirement to earn the State Apprenticeship Tax Credit (SATC).

The intention with apprenticeships is to bridge the gap between the known shortage of skilled and trained employees in high demand occupations and affordable training for career pathways for young people. The Apprenticeship Start-Up Act of 2020 required apprentices to be paid at least 50% of the prevailing wage rate to qualify for the tax credit, which has resulted in a 10x decline in registered apprenticeships supported by the tax credit according to the Maryland Department of Labor.

The Greater Ocean City Chamber respectfully requests a **FAVORABLE REPORT for SB0325**. Please feel free to contact the Chamber directly at 410-213-0144 should you have any questions.

Respectfully,

Amy Thompson
Executive Director
amy@oceancity.org

Bob Thompson
Legislative Committee Chair
bob@t1built.com

SB 325 Testimony PDF.pdf

Uploaded by: Diane Stulz

Position: FAV

SB 325 SUPPORT

Diane Stulz

dstulz@worcesterk12.org

410-430-4686

28 Camelot Circle, Ocean Pines, MD 21811

SB 325 SUPPORT

**Income Tax – Credit for Employers of Eligible Apprentices -
Alterations**

Senate Budget and Taxation Committee

Wednesday, January 22, 2025, 10:00 a.m.

Thank you, Mr. Chair, Mr. Vice Chair, and members of the Senate Budget and Taxation Committee. My name is Diane Stulz, and I am a 40-year educator in Worcester County Public Schools with 39 years of experience in youth employment. I strongly support SB 325, which will enhance the Worcester County business community by cultivating a skilled workforce, meeting industry demands, driving innovation, and providing high school students with debt-free pathways to well-paying careers.

Like many regions in the U.S., Worcester County faces a shortage of skilled workers. Youth and Registered Apprenticeships are invaluable for developing a sustainable workforce, but they impose significant costs on employers. While Worcester County students benefit from training at Worcester Technical High School, employers bear additional costs for instruction, mentorship, and apprentices' wages. Despite this commitment, no employer in my experience has qualified for the existing tax credit. SB 325's proposed changes to the tax credit would ease this burden, encouraging further investment in apprenticeships.

As a rural county, Worcester businesses face unique challenges compared to metropolitan areas. According to the Maryland Department of Labor, only one of Worcester's 2,000 businesses employs over 1,000 people, while nearly 98% employ fewer than 100. Additionally, prevailing wages here are lower than in metropolitan areas. Repealing the tax credit's prevailing wage requirement would create equitable opportunities for small businesses across Maryland.

Maryland's Career and Technology Education (CTE) programs align with national and state standards, equipping students with industry-recognized credentials. However, classroom instruction and simulated experiences cannot replace the real-world value of apprenticeships.

A personal example highlights this impact. Two years ago, I hired a small local business to replace my HVAC system. The work was done by two Worcester Technical High School graduates who had participated in work-based learning. Not only did they perform excellent work, but they are now preparing to purchase the business from their retiring employer, ensuring continued opportunities for future apprentices.

I urge a favorable report on SB 325 to support businesses, strengthen our workforce, and expand opportunities for Maryland students.

SB 295 Apprenticeship

Uploaded by: Jacob Hsu

Position: FAV

HELPING OURSELVES TO TRANSFORM

EDUCATING AND PROMOTING
MASS LIBERATION

Vote Favorable for SB295

Dear Senator Mccray and Delegate Wims, Sponsor(s)

As a Maryland resident, I am writing to express strong support for **Senate Bill 0295**, also known as the **Maryland Fair Taxation for Justice-Involved Individuals Act**, on behalf of Helping Ourselves to Transform. This vital legislation addresses a critical gap in the reentry process for justice-impacted individuals in Maryland.

In 2022, Maryland's 24 counties housed 15,637 justice-involved individuals across 24 jails, according to the National Institution of Corrections. A significant percentage of these individuals will return to their communities with unresolved tax obligations, often accompanied by penalties and interest accrued during their incarceration. Without guidance or resources to navigate the tax reconciliation process, these returning citizens face unnecessary financial and social obstacles that hinder their reintegration.

Senate Bill 0295 seeks to establish the **Income Tax Reconciliation Program**, which will provide critical support to these individuals by allowing them to address unpaid state income taxes incurred during their incarceration. This program will be a game-changer for rehabilitation, resocialization, and economic reintegration, ensuring that justice-involved individuals have a fair chance to rebuild their lives and contribute to their communities.

Key provisions of **Senate Bill 0295** include:

- **Administration by the Comptroller:** The Comptroller will oversee the program, with the authority to waive interest and penalties on unpaid taxes for eligible individuals.
- **Support for Missed Tax Filing:** The program addresses the unique challenges of individuals who could not file tax returns while incarcerated, allowing them to reconcile their tax obligations post-release.
- **Awareness Campaign:** In collaboration with the Department of Public Safety and Correctional Services, the Office of the Public Defender, Probation and Parole, and community organizations, the program will launch an awareness campaign to inform justice-impacted individuals and the public about the program's benefits.
- **Annual Reporting:** The bill mandates annual reporting to the General Assembly to assess the program's effectiveness.

Eligible individuals will be able to establish installment payment plans for unpaid taxes, with the possibility of waiving penalties and interest. These plans will allow repayment periods of up to 10 years, providing manageable solutions for returning citizens. The program applies to taxable years from 2025 to 2029, and individuals will have up to two years after release from the Department of Public Safety and Correctional Services (DPSCS) or the Bureau of Prisons (BOP) to apply.

The **Maryland Fair Taxation for Justice-Involved Individuals Act** represents a compassionate and practical step toward justice and equity for those transitioning back into society. It aligns with our collective mission to create opportunities for all Maryland residents, especially those who have faced systemic barriers.

On behalf of Myself and Helping Ourselves to Transform, we ask that this bill be voted FAVORABLE and ensure its swift passage. This bill is about giving justice-impacted individuals a fair chance to thrive and contribute to the economic and social fabric of Maryland.

Thank you for your attention to this critical matter. Please feel free to contact me directly if you have any questions or require additional information.

Sincerely,

Dr. Carmen Johnson

202-674-6300

Founder,

SB325_LOS_Income Tax - Credit for Employers of Eli

Uploaded by: Kevin O'Keeffe

Position: FAV

January 22, 2025

To: Members of the Senate Budget and Taxation Committee

From: Independent Electrical Contractors (IEC) Chesapeake

Re: **Support Senate Bill (SB) 325 - Income Tax - Credit for Employers of Eligible Apprentices - Alterations**

Independent Electrical Contractors (IEC) Chesapeake represents approximately 200 electrical contractors who employ approximately 15,000 workers in the mid-Atlantic region. In addition, IEC Chesapeake has nearly 1,000 electrical apprentices. As one of the three largest apprenticeship programs in Maryland, IEC Chesapeake supports SB325 which would support apprenticeship programs by making the tax credit more accessible to employers and extending its availability. The bill extends the tax credit program's termination date from January 1, 2025 to January 1, 2031, giving employers a longer window to take advantage of the credit.

Thank you for your consideration. If you have any questions, please contact Grant Shmelzer, Executive Director of IEC Chesapeake, at 301-646-0197 or at gshmelzer@iec-chesapeake.com, or Kevin O'Keeffe at 410-382-7844 or at kevin@kokeeffelaw.com.

About Us

Independent Electrical Contractors (IEC) Chesapeake represents members throughout Delaware, Maryland, Virginia, West Virginia, 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.

Written Testimony in Support of Senate Bill 325.pd

Uploaded by: Lauren Martin

Position: FAV

Written Testimony in Support of Senate Bill 325

Presented to: Chair Guzzone

By: Lauren Martin, Seaside Plumbing

Date: 1/19/25

Thank you, Mr. Chair, Mr. Vice-Chair, and members of the Senate Budget and Taxation Committee for the opportunity to submit this testimony in strong support of Senate Bill 325, which removes prevailing wage requirements and extends tax credits for apprenticeship programs. This legislation is vital for addressing the skilled trades shortage, supporting small businesses like ours, and advancing the goals of the Blueprint for Maryland's Future.

Seaside Plumbing is a family-owned and operated business in Berlin, Maryland. My husband, Josh (a master plumber), founded the company in 2003, and I joined him shortly thereafter. Over the last two decades, we've grown from a one-man operation to a team of over 75 employees. We are deeply committed to workforce development and have made significant investments to train and nurture the next generation of skilled tradespeople.

Our Apprenticeship Program: Building a Workforce from Within

At Seaside, we recognized the urgent need for more skilled workers and decided to take matters into our own hands. Plumbing has always relied on apprenticeship programs, and we formalized ours by becoming a state-registered program in 2014. To further enhance our training efforts, we built an in-house plumbing skills lab in 2021. Throughout this journey, the staff at the Maryland Department of Labor has been instrumental, providing guidance and support that helped us navigate the registration process and strengthen our program. We've built a great working relationship with their team, and their dedication to workforce development has been invaluable to our success. Today, our robust in-house apprenticeship program provides paid apprentices with hands-on training, classroom instruction, and mentorship from senior technicians.

We also offer 'ride days' for anyone interested in a plumbing career, and we actively advocate for the trades in schools – working to dispel outdated stereotypes, and show that the trades are a viable, rewarding career path.

Our program ensures apprentices gain the technical expertise and soft skills needed to succeed in the trade. Despite these efforts, systemic barriers have hindered our ability to fully benefit from past tax credit programs.

The Challenge of Previous Wage Requirements

During the Apprenticeship 2030 Commission's visit to our office, we shared a key frustration: the 2020 requirement that apprentices be paid at least 50% of the prevailing wage rate (\$42/hour at the time) to qualify for tax credits. This stipulation made it nearly impossible for small businesses like ours—particularly those operating in residential plumbing on the Eastern Shore—to participate. It is financially impossible for us to bring on an entry level, brand new apprentice with no experience, that we pay to train, at \$21/hour.

Operating a plumbing company is costly, as is training a workforce at the same time. The industry's net profit margin is just 2-5%. For comparison McDonald's most recently reported net

profit was 31% - I'd argue what we do is far more important. At the end of the day there is very little money left in a company like ours. And what is left goes directly back into our people. Into new apprentices, into our plumbing lab, our in-house training which covers both technical skills and soft skills, and our benefits. Every bit of financial support, like these tax credits, is crucial for us.

Why Senate Bill 325 Matters

1. **Removing Prevailing Wage Requirements:**

It levels the playing field so that businesses of all sizes can access the resources needed to train apprentices and grow their workforce.

2. **Expanding Tax Credits:** These funds directly support apprenticeships for companies like ours, and can incentivize other businesses to invest in apprenticeships as well.

3. **Promoting Trades as a Viable Career Path:**

This legislation sends a powerful message: the skilled trades and apprenticeships are critical to Maryland's future and deserve respect and support equal to higher education.

As a family business, we are proud of the investments we've made in training and workforce development, but small businesses cannot solve the skilled trades shortage alone. We need policymakers to remove barriers and provide incentives like SB 325 to support our efforts and strengthen Maryland's workforce.

I respectfully urge a favorable report on SB 325. Thank you for your consideration and for championing Maryland's skilled trades. Please feel free to contact me directly at 410-641-1368 or lmartin@seasideplumbinginc.com.

Sincerely,



Lauren Martin, CPA
Vice President
Seaside Plumbing

2025-01-20_Senate Bill 325_LSWA.pdf

Uploaded by: Leslie Porter-Cabell

Position: FAV



Serving as the Workforce Development Board for the Lower Shore of Maryland

January 20, 2025

The Honorable Guy Guzzone
Senate Budget and Taxation Committee
Miller Senate Office Building
11 Bladen Street, Room 3
Annapolis, Maryland 21401

Dear Chair Guzzone and Members of the Senate Budget and Taxation Committee,

On behalf of the Lower Shore Workforce Alliance (LSWA), a workforce development board representing Somerset, Wicomico, and Worcester Counties, and a division of the Tri-County Council for the Lower Eastern Shore, a regional planning and economic development agency. I am writing to express strong support for Senate Bill 325 – Income Tax Credit for Employers of Eligible Apprentices – Alterations.

LSWA is a workforce development board and represents one of thirteen workforce development boards in the State of Maryland, comprising the Maryland Workforce Association (MWA). The workforce development boards by design and by federal guidelines are structured to support workforce development, training, and career ladder pathways for job seekers and employers.

LSWA has partnered with Seaside Plumbing which led to a state- registered apprenticeship program. LSWA has also partnered with IEC Chesapeake to create a career track for students pursuing an electrical career by sponsoring a Pre-apprentice cohort. This has been an extremely successful program placing 85% of participants into good-paying careers. These are just two examples of adult and youth apprenticeship pathways.

The State of Maryland has taken progressive steps to address and increase apprenticeship opportunities aligning workforce development boards, CTE programs, Community Colleges, and State partners conducted an intense review of the challenges and barriers to increasing apprenticeship opportunities through the 2030 Commission spearheaded by Senator Mary Beth Carozza.

It is evident to LSWA that Senate Bill 325 will achieve the following:

- Removes barriers by eliminating the wage requirement tied to the prevailing wage. This is especially important for the Lower Eastern Shore of Maryland where 85% of our businesses are small businesses.
- The extension of the program duration through June 2031 will facilitate the increase in the capacity of apprenticeship programs.
- The youth apprenticeship initiative will promote career pathways for young adults and actualize growth in apprenticeship opportunities.

I urge a favorable report on Senate Bill 325 to facilitate sustainable growth and a positive impact for apprenticeship opportunities and economic growth for the State of Maryland.

Sincerely,

Leslie Porter-Cabell, Workforce Director, Lower Shore Workforce Alliance

"Providing workforce policy, planning and oversight for the Lower Shore of Maryland"

2025 Support sb 325.pdf

Uploaded by: Melanie Pursel

Position: FAV



Office of Tourism & Economic Development
107 West Green Street, Snow Hill, MD 21863
(410) 632-3112 • www.MarylandsCoast.org

January 22, 2025
The Senate Budget and Taxation Committee
SB 325 – Income Tax – Credit for Employers of Eligible Apprentices – Alterations
Support

Dear Chair Guzzone, Vice Chair Rosapepe, and distinguished members of Senate Budget and Taxation Committee:

As director of Tourism and Economic Development I am here in support of 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).

It is imperative that we have effective incentives for employers if we are to successfully increase the number of Registered Apprenticeships in the State of Maryland. The State Apprenticeship Tax Credit (SATC) incentivizes employers to utilize Registered Apprenticeships; however, the 2020 wage requirement amendment has hindered the effectiveness of Maryland's apprenticeship tax credit.

In 2020, Worcester County established a dedicated workforce development function and an associated position to serve as a liaison between our county employers and the various federal, state, and local workforce programs and resources. This initiative also fosters productive collaborations with higher education institutions, including the University of Maryland Eastern Shore (UMES), Salisbury University, Wor-Wic Community College, and the Worcester Technical High School. Additionally, we have implemented a signature program called STATT (Skilled Trades, Agriculture, Tourism, and Technology), developed in partnership with the Career and Technical Education (CTE) program. STATT provides work-based learning opportunities and immersion into various careers and skills essential for critical industries within our county.

Through our ongoing relationships with employers, it is evident that there is a dire need to expand our workforce pipeline to meet the demand for skilled workers at all levels. It is crucial that employers are actively engaged in this process, as their commitment to establishing apprenticeships is vital. However, the process of implementing apprenticeship programs presents significant challenges for employers in terms of compliance and time commitment. To achieve the state's workforce development goals, it is essential to encourage participation from



Office of Tourism & Economic Development
107 West Green Street, Snow Hill, MD 21863
(410) 632-3112 • www.MarylandsCoast.org

Maryland employers, particularly within the private sector. Therefore, tax credits and other incentives are critical to offset the costs incurred by our job creators.

Extending the State Apprenticeship Tax Credit to 2030 and repealing the 50 percent prevailing wage requirement for the apprenticeship tax credit would enhance its effectiveness as an employer incentive. This would lead to an increase in Registered Apprenticeships across the state, strengthen Maryland's workforce, and provide more young people and adults with pathways to well-paying careers, particularly in high-demand occupations.

We respectfully urge your support for SB325 and ask for a favorable report to help us continue strengthening Maryland's workforce through apprenticeships.

Sincerely,

Melanie Pursel,
Director of Tourism & Economic Development

SB 325 Testimony - Carozza_FINAL.pdf

Uploaded by: Senator Mary Beth Carozza

Position: FAV

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

Education, Energy, and
the Environment Committee

Executive Nominations Committee



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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.

SB 325 - Income Tax - Credit for Employers of Elig

Uploaded by: Donna Edwards

Position: UNF



**MARYLAND STATE & DC
AFL-CIO**

Donna S. Edwards
President

Gerald W. Jackson
Secretary-Treasurer

**SB 325 - Income Tax - Credit for Employers of Eligible Apprentices - Alterations
Senate Budget and Taxation Committee
January 22, 2025**

OPPOSE

**Donna S. Edwards
President
Maryland State and DC AFL-CIO**

Chairman and members of the Committee, thank you for the opportunity to submit testimony in opposition to SB 325. My name is Donna S. Edwards, and I am the President of the Maryland State and District of Columbia AFL-CIO. On behalf of Maryland's 300,000 union members, I offer the following comments.

SB 325 sets a dangerous precedent of lowering the expectation of increased wages as an apprentice moves through a registered apprenticeship program and the case of skilled trades with all classifications under prevailing wage laws.

A tax credit has been available if the apprentice is receiving 50% or more of the prevailing wage. It is widely recognized even within the trades that generally first year apprentices are paid at about 45% of prevailing wages. However, as in all apprenticeship programs, as they develop their skills, it is expected that their pay reflects that development and by the second year, they are being paid 50% of a prevailing wage.

As the state moves to exponentially expand apprenticeships, we cannot support a bill that removes the prevailing wage requirement. For these reasons, we urge you to vote this SB 325 unfavorably.

SB0325_MD Labor_LOI (1).pdf

Uploaded by: Andrew Fulginiti

Position: INFO

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.