

2023 HOUSE FINANCE AND TAXATION

HB 1383

2023 HOUSE STANDING COMMITTEE MINUTES

Finance and Taxation Committee Room JW327E, State Capitol

HB 1383
1/23/2023

A bill relating to the provision of an income tax credit for qualified compensation paid to an apprentice.
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Chairman Headland opened the hearing at 10:05AM.

Members present: Chairman Headland, Vice Chairman Hagert, Representative Anderson, Representative Bosch, Representative Dockter, Representative Fisher, Representative Grueneich, Representative Hatlestad, Representative Motschenbacher, Representative Olson, Representative Steiner, Representative Toman, and Representative Ista. Members absent: Representative Finley-DeVille.

Discussion Topics:

- Employer apprenticeship program
- Apprentice income tax credit

Representative Boschee introduced the bill in support (#15209).

Matt Peyerl, Office of State Tax Commissioner, answered questions from the committee.

Additional written testimony:

Jason Ehlert, North Dakota State Building and Construction Trades Council, testimony in support #15310.

Katherine Grindberg, Executive Vice President of the Fargo, Moorhead, West Fargo Chamber, testimony in support #15150.

Wayde Sick, North Dakota Department of Career and Technical Education, testimony in support #14867.

Chairman Headland closed the hearing at 10:28AM.

Mary Brucker, Committee Clerk

2023 HOUSE STANDING COMMITTEE MINUTES

Finance and Taxation Committee
Room JW327E, State Capitol

HB 1383
1/23/2023

A bill relating to the provision of an income tax credit for qualified compensation paid to an apprentice.
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Chairman Headland opened the meeting at 2:47PM.

Members present: Chairman Headland, Vice Chairman Hagert, Representative Anderson, Representative Bosch, Representative Dockter, Representative Fisher, Representative Grueneich, Representative Hatlestad, Representative Motschenbacher, Representative Olson, Representative Steiner, Representative Toman and Representative Ista. Members absent: Representative Finley-DeVilleville.

Discussion Topics:

- Reporting requirements
- Department of Commerce certification

Committee discussion.

Committee has decided to work on this bill and wait for further information.

Meeting adjourned at 2:53PM.

Mary Brucker, Committee Clerk

2023 HOUSE STANDING COMMITTEE MINUTES

Finance and Taxation Committee Room JW327E, State Capitol

HB 1383
1/31/2023

A bill relating to the provision of an income tax credit for qualified compensation paid to an apprentice.

Chairman Headland opened the meeting at 11:23AM.

Members present: Chairman Headland, Vice Chairman Hagert, Representative Anderson, Representative Bosch, Representative Dockter, Representative Fisher, Representative Grueneich, Representative Hatlestad, Representative Motschenbacher, Representative Olson, Representative Steiner, Representative Toman, Representative Finley-DeVille, and Representative Ista. No members absent.

Discussion Topics:

- Committee vote

Representative Dockter moved a **Do Pass**.

Representative Ista seconded the motion.

Roll call vote

Representatives	Vote
Representative Craig Headland	Y
Representative Jared Hagert	Y
Representative Dick Anderson	Y
Representative Glenn Bosch	Y
Representative Jason Dockter	Y
Representative Lisa Finley-DeVille	Y
Representative Jay Fisher	Y
Representative Jim Grueneich	Y
Representative Patrick Hatlestad	Y
Representative Zachary Ista	Y
Representative Mike Motschenbacher	Y
Representative Jeremy Olson	Y
Representative Vicky Steiner	Y
Representative Nathan Toman	Y

Motion carried 14-0-0

Representative Ista is the bill carrier.

Chairman Headland adjourned at 11:26AM.

Mary Brucker, Committee Clerk

REPORT OF STANDING COMMITTEE

HB 1383: Finance and Taxation Committee (Rep. Headland, Chairman) recommends **DO PASS** (14 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING). HB 1383 was placed on the Eleventh order on the calendar.

2023 SENATE FINANCE AND TAXATION

HB 1383

2023 SENATE STANDING COMMITTEE MINUTES

Finance and Taxation Committee
Fort Totten Room, State Capitol

HB 1383
3/7/2023

Relating to the provision of an income tax credit for qualified compensation paid to an apprentice.

3:01 PM Chairman Kannianen opened hearing.

Senators Present: **Kannianen, Weber, Patten, Rummel, Piepkorn, Magrum.**

Discussion Topics:

- Other apprenticeships

3:01 PM Representative Boschee introduced bill. #22658, #25614

3:06 PM James Schmidt, Executive Director for the North Dakota State Electrical Board, testified in favor. #22502

3:09 PM Wayde Sick, State Director for the Department of Career and Technical Education, testified in favor. #22518

3:12 PM Representative Boschee, answered questions.

3:14 PM James Schmidt, Executive Director for the North Dakota State Electrical Board, answered questions.

Additional written testimony:

Brian Poykko #22445

Michael Graham #22557

Katherine Grindberg #22589

Amanda Remyse #22642

3:16 PM Chairman Kannianen adjourned hearing.

Nathan Liesen, Committee Clerk

2023 SENATE STANDING COMMITTEE MINUTES

Finance and Taxation Committee Fort Totten Room, State Capitol

HB 1383
3/8/2023

Relating to the provision of an income tax credit for qualified compensation paid to an apprentice; and to provide an effective date.

2:24 PM Senator Kannianen opened the meeting.

Senators Present: **Kannianen, Weber, Magrum, Patten, Piepkorn, Rummel.**

Discussion Topics:

- Other trades
- Committee action

2:27 PM James Schmidt, Director for ND Electrical Board, answered questions and provided additional information verbally.

2:34 PM Senator Piepkorn moved to adopt Amendment. LC #23.0580.1002 #25614

2:34 PM Senator Weber seconded.

Roll Call Vote.

Senators	Vote
Senator Jordan Kannianen	Y
Senator Mark F. Weber	Y
Senator Jeffery J. Magrum	Y
Senator Dale Patten	Y
Senator Merrill Piepkorn	Y
Senator Dean Rummel	Y

Motion passed 6-0-0

2:35 PM Senator Piepkorn moved DO PASS as AMENDED.

2:35 PM Senator Rummel seconded.

Roll Call Vote.

Senators	Vote
Senator Jordan Kannianen	Y
Senator Mark F. Weber	Y
Senator Jeffery J. Magrum	Y
Senator Dale Patten	Y
Senator Merrill Piepkorn	Y
Senator Dean Rummel	Y

Motion Passed 6-0-0

Sen. Piepkorn is the bill carrier.

2:37 PM Senator Kannianen closed the meeting.

Nathan Liesen, Committee Clerk

24
3-8-23

PROPOSED AMENDMENTS TO HOUSE BILL NO. 1383

Page 1, line 11, replace "apprentice" with "individual who is an apprentice in an apprenticeship program as provided in title 29, Code of Federal Regulations, subtitle a, part 29 or an apprentice electrician registered under chapter 43-09 and is"

Page 1, line 15, replace "Obtain" with "For a taxpayer that employs an individual who is an apprentice in an apprenticeship program as provided in title 29, Code of Federal Regulations, subtitle a, part 29, obtain"

Page 1, line 18, replace ". The taxpayer shall" with "and"

Page 1, line 19, after "of" insert "the"

Page 1, line 19, replace "under this subdivision and any" with "."

c. Submit any"

Page 1, line 22, replace "an" with "a qualified"

Renumber accordingly

REPORT OF STANDING COMMITTEE

HB 1383: Finance and Taxation Committee (Sen. Kannianen, Chairman) recommends **AMENDMENTS AS FOLLOWS** and when so amended, recommends **DO PASS** (6 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING). HB 1383 was placed on the Sixth order on the calendar. This bill affects workforce development.

Page 1, line 11, replace "apprentice" with "individual who is an apprentice in an apprenticeship program as provided in title 29, Code of Federal Regulations, subtitle a, part 29 or an apprentice electrician registered under chapter 43-09 and is"

Page 1, line 15, replace "Obtain" with "For a taxpayer that employs an individual who is an apprentice in an apprenticeship program as provided in title 29, Code of Federal Regulations, subtitle a, part 29, obtain"

Page 1, line 18, replace ". The taxpayer shall" with "and"

Page 1, line 19, after "of" insert "the"

Page 1, line 19, replace "under this subdivision and any" with "."

c. Submit any"

Page 1, line 22, replace "an" with "a qualified"

Renumber accordingly

2023 CONFERENCE COMMITTEE

HB 1383

2023 HOUSE STANDING COMMITTEE MINUTES

Finance and Taxation Committee
Room JW327E, State Capitol

HB 1383
4/7/2023
Conference Committee

A bill relating to the provision of an income tax credit for qualified compensation paid to an apprentice.
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Madame Chair Steiner opened the conference committee meeting at 11:00 AM.

Members present: Madame Chair Steiner, Representative Hatlestad, Representative Ista, Chairman Patten, Senator Rummel, and Senator Weber.

Discussion Topics:

- Apprentice electrician program
- Title 29
- Committee vote

Chairman Patten explained the senate amendments.

Representative Hatlestad moved that House accede to Senate Amendments.

Representative Ista seconded the motion.

Roll call vote: Motion carried 6-0-0

Madam Chair Steiner is the House carrier and **Chairman Patten** is the Senate carrier.

Madame Chair Steiner adjourned at 11:04 AM.

Mary Brucker, Committee Clerk

**2023 HOUSE CONFERENCE COMMITTEE
 ROLL CALL VOTES**

BILL/RESOLUTION NO. HB 1383 as (re) engrossed

House Finance and Taxation Committee

- Action Taken** **HOUSE accede to Senate Amendments**
 HOUSE accede to Senate Amendments and further amend
 SENATE recede from Senate amendments
 SENATE recede from Senate amendments and amend as follows
- Unable to agree**, recommends that the committee be discharged and a new committee be appointed

Motion Made by: Representative Hatlestad Seconded by: Representative Ista

Representatives	4/7		Yes	No	Senators	4/7		Yes	No
<i>Madam Chair Steiner</i>	x		x		Chairman Patten	x		x	
<i>Rep. Hatlestad</i>	x		x		Senator Rummel	x		x	
<i>Rep Ista</i>	x		x		Senator Weber	x		x	
Total Rep. Vote			3		Total Senate Vote			3	

Vote Count Yes: 6 No: 0 Absent: 0

House Carrier Madam Chair Steiner Senate Carrier Chairman Patten

LC Number _____ of amendment

LC Number _____ of engrossment

Emergency clause added or deleted

Statement of purpose of amendment

REPORT OF CONFERENCE COMMITTEE

HB 1383: Your conference committee (Sens. Patten, Rummel, Weber and Reps. Steiner, Hatlestad, Ista) recommends that the **HOUSE ACCEDE** to the Senate amendments as printed on HJ page 1226 and place HB 1383 on the Seventh order.

HB 1383 was placed on the Seventh order of business on the calendar.

TESTIMONY

HB 1383



**House Finance and Taxation
HB1383**

January 23, 2023

Chairman Headland and members of the House Finance and Taxation Committee, my name is Wayde Sick, State Director for the Department of Career and Technical Education. I am submitting testimony in support for HB1383.

HB1383 is a bill that would create an apprenticeship income tax credit, very similar to the current internship tax credit.

As we are all aware, workforce is the main issue that is currently holding back our state's economy. All industries and all regions of the state are currently short of a trained workforce. This tax credit could be an incentive to utilize an effective, but under-utilized workforce solution, registered apprenticeship.

Apprenticeship is an effective solution, as it allows an employer to partner with a training provider and customize their training programming, to meet their specific needs. An employer is able to hire apprentices, place them under the supervision of a mentor for on the job training, while requiring coursework, known as Related Technical Instruction in an apprenticeship program. Related Technical Instruction can be completed in the evenings, weekends, online, etc. Many times, the training provider is a

community college, allowing an apprenticeship to complete an apprenticeship and a certificate or degree simultaneously. The earn while you learn model of an apprenticeship can be attractive as individuals are employed while they are gaining skills and attractive for employers as it can be an immediate workforce solution.

Apprenticeship can be a workforce solution for almost any profession. When we think of apprenticeship, we typically think of plumbers, electricians, and other skilled occupations. But recently apprenticeship has begun to expand into other occupations. In the state of North Dakota and across the country, apprenticeships in manufacturing, information technology, healthcare and very recently education, have been developed.

Again, North Dakota Career and Technical is supportive of HB1383. Encouraging employers to utilize apprenticeship through an apprenticeship tax credit can expand opportunities for individuals looking for a different path to employment while providing employers another workforce pipeline.

This concludes my testimony, feel free to contact me directly with any questions you may have.

Wayde Sick

wasick@nd.gov

328-2259



FMWF Chamber Support for HB 1383

01/23/2023

Chair Headland and members of the House Finance and Taxation Committee,

For the record, my name is Katherine Grindberg, and I have the pleasure of serving as the Executive Vice President of the Fargo Moorhead West Fargo (FMWF) Chamber of Commerce. The Chamber's mission is to be a catalyst for economic growth and prosperity for businesses, members, and the greater community. On behalf of our over 1,900 members, I respectfully offer testimony in support of House Bill 1383.

Every state across the United States is competing to attract, develop, and retain workforce, hoping to fill thousands of open jobs. In order for our state to effectively compete on a global scale for workforce, both the public and private sectors must identify innovative and multi-pronged solutions to address this crisis. Creative solutions, such as this, incentivize the hiring of apprentices, establishing a career pathway for our current and future workforce. The Chamber fully supports the sustainable implementation of a state apprenticeship tax credit, furthering workforce development in our state.

On behalf of our members, I would like to thank the committee for their time and consideration this morning.

Respectfully,

Katherine Grindberg

Executive Vice President
FMWF Chamber of Commerce
kgrindberg@fmwfchamber.com



North Dakota House of Representatives

STATE CAPITOL
600 EAST BOULEVARD
BISMARCK, ND 58505-0360



Representative Josh Boschee

District 44
517 First Street North
Fargo, ND 58102-4540
jboschee@ndlegis.gov

Minority Leader

COMMITTEES:
Industry, Business and Labor

January 23, 2023

Good morning Chairman Headland and members of the House Finance and Taxation Committee,

For the record, my name is Josh Boschee and I serve as a Representative from District 44, which comprises downtown and north Fargo.

House Bill 1383 is to create a new income tax credit for employers who implement a certified apprenticeship program as an opportunity for North Dakotans to gain on the job skillsets while under the supervision of a qualified mentor. This tax credit is mirrored after the Internship Employment Tax Credit found in [Chapter 57-38-01.24 of Century Code](#).

The credit is equal to 10% of the compensation paid to the apprentice. The credit is allowed for up to 5 apprentices employed at the same time. An employer is allowed no more than \$3,000 of credits for all tax years. If the employer is a passthrough entity, the credit is passed through to its owners based on their respective interests in the entity.

Apprenticeships are one of the many entry points a North Dakotan can have into our workforce.

According to the [US Department of Labor](#), a "Registered Apprenticeship is an industry-driven, high quality career pathway where employers can develop and prepare their future workforce, and individuals can obtain paid work experience, receive progressive wage increases, classroom instruction, and a portable, nationally-recognized credential. Registered Apprenticeships are industry-vetted and approved and validated by the U.S. Department of Labor or a State Apprenticeship Agency."

While many are familiar with apprenticeships in the trades, we are seeing a growing number of opportunities in our state around cyber security, information technology and nursing. Apprenticeships can be developed outside of an educational institution or in partnership with one. Both models are deployed here in North Dakota. Apprenticeships are typically last longer than an internship with apprenticeships usually using a graduated timeline over multiple years and internships typically being focused on several months of time. This longer time spent learning the skills necessary for the job under the direct supervision of a mentor leads to more of what we call job stickiness in which the apprentice has developed a loyalty to the employer and usually stays longer with that specific employer. The USDOL's research shows that 93% of apprentices stay with their employer with an average salary of \$77,000 once completed.

In North Dakota, we have a myriad of organizations working in tandem to help workers get connected to apprenticeship opportunities and assist employers with developing registered apprenticeship programs. The [Department of Career and Technical Education](#), [Lake Region State College](#), [North Dakota State College of Science](#), [Job Service ND](#), [ND Building Trades Unions](#), [ND Workforce Development Council](#), [ND Department of Commerce](#) and the ND office of the [US Department of Labor](#) all are playing an integral part in creating more

good paying apprenticeship opportunities for North Dakotans as we work to address our current and future workforce needs.

Mr. Chairman, this tax credit will help incent employers to develop apprenticeships in traditional and newer jobs as we see our state's workforce shortage impact every community and industry. I hope that the committee agrees and support HB 1383. Thank you. I am happy to try and answer any questions.



NORTH DAKOTA STATE BUILDING AND CONSTRUCTION TRADES COUNCIL

2901 Twin City Dr. Suite 201
Mandan, North Dakota 58554
(701) 663-8821

© SCRU 280-C

January 23, 2023

To the Honorable Craig Headland and Member Representatives of the Finance and Taxation Committee

RE: House Bill 1383; Income tax credit for qualified compensation paid to an apprentice.

Representing workers in the commercial, industrial, and residential construction industries from foundation to finish, we are committed to promoting, recruiting, and developing careers for all workers in the skilled trades in North Dakota. Construction is a rewarding career, and we are fully committed to passing this industry along to younger generations in a proper and formal education system. Utilizing an apprenticeship program is the primary means to achieve this goal for the construction industry, and as such, we are in support of HB1383.

A Registered Apprenticeship Program is a post-secondary, educational investment employers and labor collaboratively make to recruit, develop, and retain workers for the construction industry. It has been a proven model for workforce development that synchronizes hands-on training and classroom instruction. Being third-party certified by the U.S. Department of Labor, Bureau of Apprenticeship provides a quantifiable program recognized as the gold-standard in construction. Also, since many programs are fully funded by the private sector, there is no additional cost to the taxpayer.

Creating this tax credit for North Dakota taxpayers provides an additional tool to invest in workers to the state in a highly competitive industry. Therefore, the North Dakota State Building and Construction Trades Council is in support of HB 1383.

With Kindest Regards, I am

Jason Ehlert
North Dakota State Building and Construction Trades Council
President
Lobbyist No. 347
Jason@ndbtu.org

W. Brian Poykko, P.E.
3712 Belmont Road
Grand Forks, ND 58201
701 739-3128

March 6, 2023

Senator Jordan Kannianen, Chairman
Senate Finance and Taxation

IN SUPPORT OF ND HB 1383
Relating to the provision of an income tax credit for qualified compensation paid to an
apprentice.

Mr. Chairman and members of the committee, my name is W. Brian Poykko from Grand Forks. I am in generally in favor of this bill.

I am presently president and electrical engineer for Poykko Engineering, an electrical engineering consulting firm. I have worked as an electrical engineering design consultant in ND since 1981 and was first registered as a professional engineer in ND in 1982.

I am also a member of the NDSEB Education Committee.

Most of my life's work experience has been in the electrical design and construction administration of commercial, industrial, educational, and municipal construction projects. During the construction phase of projects, I have worked closely with many different contractors and their apprentices. It is my sincere belief that good apprenticeship programs are essential for a highly qualified work force. With the education that apprentices receive here, I believe it also helps to keep them and their careers in North Dakota.

Anything that incentives more apprenticeships and improves apprenticeship programs will greatly benefit the state.

That said, the requirement on Page 1, Lines 15 through 20, states that the taxpayer (contractor) must obtain a certification from the United States Department of Labor. In my opinion, this is a an onerous task that the ND state agencies, such as the ND State Electrical Board, should instead administrate and provide the necessary certificates, as they already have a process in place to evaluate and approve acceptable organizations and companies that offer apprenticeship training.

I ask that you pass HB 1383 as it may be amended on Page 1, Lines 15 through 20 to include state agencies, such as the State Electrical Board, with the consideration to delete references to the United States Department of Labor.

Sincerely,

A handwritten signature in black ink that reads "W. Brian Poykko". The signature is written in a cursive style with a large, stylized initial "W".

W. Brian Poykko, P.E.
701 739-3128

TESTIMONY Support HB 1383**PRESENTED BY JAMES SCHMIDT****EXECUTIVE DIRECTOR, NORTH DAKOTA STATE ELECTRICAL BOARD**

Chairman : Senator Kannianen and committee members

I am James Schmidt, Executive Director for the North Dakota State Electrical Board providing testimony in support for House Bill 1383 and would like to respectfully suggest an amendment.

Line 15 says the tax credit is only available to apprenticeship programs certified by the United States department of labor, bureau of apprenticeship and training, which is fine. However, the board also approves apprentice electrician educational programs so we would want to offer an amendment to include the board or any state agency that has licensure/registration for apprentices under paragraph 2 (b). This will ensure that no apprentices are accidentally omitted from this proposed tax credit. The board has a process for approving apprenticeship programs/training that the DOL may not know about.

The board recognizes the labor work shortage and wants to ensure all employers who employ apprentices would benefit from this bill.

When our staff visit schools to promote the industry, we will talk about this as an incentive for individuals to consider the electrical trade.

We therefore want to show support for HB 1383 with a possible amendment, and we thank the Committee for the opportunity to testify and would stand for any questions.



**Senate Finance and Taxation
HB1383**

March 7, 2023

Chairman Kannianen and members of the Senate Finance and Taxation Committee, my name is Wayde Sick, State Director for the Department of Career and Technical Education. I am submitting testimony in support for HB1383.

HB1383 is a bill that would create an apprenticeship income tax credit, very similar to the current internship tax credit.

As we are all aware, workforce is the main issue that is currently holding back our state's economy. All industries and all regions of the state are currently short of a trained workforce. This tax credit could be an incentive to utilize an effective, but under-utilized workforce solution, registered apprenticeship.

Apprenticeship is an effective solution, as it allows an employer to partner with a training provider and customize their training programming, to meet their specific needs. An employer is able to hire apprentices, place them under the supervision of a mentor for on the job training, while requiring coursework, known as Related Technical Instruction in an apprenticeship program. Related Technical Instruction can be completed in the evenings, weekends, online, etc. Many times, the training provider is a

community college, allowing an apprenticeship to complete an apprenticeship and a certificate or degree simultaneously. The earn while you learn model of an apprenticeship can be attractive as individuals are employed while they are gaining skills and attractive for employers as it can be an immediate workforce solution.

Apprenticeship can be a workforce solution for almost any profession. When we think of apprenticeship, we typically think of plumbers, electricians, and other skilled occupations. But recently apprenticeship has begun to expand into other occupations. In the state of North Dakota and across the country, apprenticeships in manufacturing, information technology, healthcare and very recently education, have been developed.

Again, North Dakota Career and Technical is supportive of HB1383. Encouraging employers to utilize apprenticeship through an apprenticeship tax credit can expand opportunities for individuals looking for a different path to employment while providing employers another workforce pipeline.

This concludes my testimony, and I am happy to stand for any questions.

MAGNUM ELECTRIC

"Quality doesn't cost, it pays"

March 6, 2023

Senate Finance and Taxation Public Hearing
March 7, 2023 2:00 PM – 4:00 PM
Fort Totten Room – ND State Capitol

Written Support of HB 1383

Dear members of the Sixty-eighth North Dakota Legislative Assembly:

As President of Magnum Electric, Inc., I am testifying in favor of HB 1383. The need for well-trained Electrical Apprentices in our state has become ever more challenging. Apprenticeship programs are vital to teach skilled trades while providing a competitive wage and I find that this isn't enough to entice potential employees into entering the electrical trade. To that end, Magnum Electric started tuition reimbursement and apprenticeship bonus programs at the start of 2022 at a significant cost. This bill allows not just Magnum Electric, but all contractors to attract and provide incentives for people to join the trades that require apprenticeship programs, something our industry desperately needs to have a chance to meet the demand of skilled workers in North Dakota.

I do ask that the bill be amended in Section 1, 2b. to include the following verbiage, "...certificate stating the taxpayer has met all requirements and qualifications of a **NDSEB approved** apprenticeship program." This ensures that apprenticeship programs eligible remain consistent to North Dakota's industry standards.

Thank you for considering this bill and I urge the assembly to support HB 1383.

Sincerely,



Michael Graham
President
Magnum Electric, Inc.



FMWF Chamber Support for HB 1383

March 7th, 2023

Chair Kannianen and members of the Senate Finance and Taxation Committee,

For the record, my name is Katherine Grindberg, and I have the pleasure of serving as the Executive Vice President of the Fargo Moorhead West Fargo (FMWF) Chamber of Commerce. The Chamber's mission is to be a catalyst for economic growth and prosperity for businesses, members, and the greater community. On behalf of our over 1,900 members, I respectfully offer testimony in support of House Bill 1383.

Every state across the United States is competing to attract, develop, and retain workforce, hoping to fill thousands of open jobs. In order for our state to effectively compete on a global scale for workforce, both the public and private sectors must identify innovative and multi-pronged solutions to address this crisis. Creative solutions, such as this, incentivize the hiring of apprentices, establishing a career pathway for our current and future workforce. The Chamber fully supports the sustainable implementation of a state apprenticeship tax credit, furthering workforce development in our state.

On behalf of our members, I would like to thank the committee for their time and consideration this morning.

Respectfully,

Katherine Grindberg

Executive Vice President
FMWF Chamber of Commerce
kgrindberg@fmwfchamber.com



GREATER NORTH DAKOTA CHAMBER
HB 1383
Senate Finance & Taxation Committee
Chairman Jordan Kannianen
March 6, 2023

Mr. Chairman and members of the Committee, my name is Amanda Remynse with the Greater North Dakota Chamber. GNDC is North Dakota's largest statewide business advocacy organization, with membership represented by small and large businesses, local chambers, and trade and industry associations across the state. We stand in **support** of House Bill 1383.

Recently, GNDC partnered with the NDSU Challey Institute for Global Innovation and Growth to complete a survey about the business climate in North Dakota. The survey found that 62% of respondents felt the number one factor holding businesses back is difficulty attracting and retaining qualified workers. The results of the survey were reflected in the discussions held by our members in our policy position development process.

Our members feel it is important to maximize the flexibility and responsiveness of K-12, two and four-year educational institutions, and provide expanded educational opportunities to meet local training needs and demands.

We also support partnerships and resources that implement work-based learning opportunities to cultivate workforce attraction and retention.

The ability to have access to a skilled workforce is a critical issue impacting the business community. We feel that the proposed tax credit would be a good step towards addressing the workforce challenge, benefiting both students and North Dakota businesses.

We respectfully request a Do Pass recommendation on HB 1383.



North Dakota House of Representatives

STATE CAPITOL
600 EAST BOULEVARD
BISMARCK, ND 58505-0360



Representative Josh Boschee

District 44
517 First Street North
Fargo, ND 58102-4540
jboschee@ndlegis.gov

Minority Leader

COMMITTEES:
Industry, Business and Labor

March 7, 2023

Good afternoon Chairman Kannianen and members of the Senate Finance and Taxation Committee,

For the record, my name is Josh Boschee and I serve as a Representative from District 44, which comprises downtown and north Fargo.

House Bill 1383 is to create a new income tax credit for employers who implement a certified apprenticeship program as an opportunity for North Dakotans to gain on the job skill sets while under the supervision of a qualified mentor. This tax credit is mirrored after the Internship Employment Tax Credit found in [Chapter 57-38-01.24 of Century Code](#).

The credit is equal to 10% of the compensation paid to the apprentice. The credit is allowed for up to 5 apprentices employed at the same time. An employer is allowed no more than \$3,000 of credits for all tax years. If the employer is a passthrough entity, the credit is passed through to its owners based on their respective interests in the entity.

Apprenticeships are one of the many entry points a North Dakotan can have into our workforce.

According to the [US Department of Labor](#), a "Registered Apprenticeship is an industry-driven, high quality career pathway where employers can develop and prepare their future workforce, and individuals can obtain paid work experience, receive progressive wage increases, classroom instruction, and a portable, nationally-recognized credential. Registered Apprenticeships are industry-vetted and approved and validated by the U.S. Department of Labor or a State Apprenticeship Agency."

While many are familiar with apprenticeships in the trades, we are seeing a growing number of opportunities in our state around cyber security, information technology and nursing. Apprenticeships can be developed outside of an educational institution or in partnership with one. Both models are deployed here in North Dakota. Apprenticeships typically last longer than an internship with apprenticeships usually using a graduated timeline over multiple years and internships typically being focused on several months of time. This longer time spent learning the skills necessary for the job under the direct supervision of a mentor leads to more of what we call job stickiness in which the apprentice has developed a loyalty to the employer and usually stays longer with that specific employer. The USDOL's research shows that 93% of apprentices stay with their employer with an average salary of \$77,000 once completed.

In North Dakota, we have a myriad of organizations working in tandem to help workers get connected to apprenticeship opportunities and assist employers with developing registered apprenticeship programs. The [Department of Career and Technical Education](#), [Lake Region State College](#), [North Dakota State College of Science](#), [Job Service ND](#), [ND Building Trades Unions](#), [ND Workforce Development Council](#), [ND Department of Commerce](#) and the ND office of the [US Department of Labor](#) all are playing an integral part in creating more good paying apprenticeship opportunities for North Dakotans as we work to address our current and future workforce needs.

I would like to request that the committee amend HB 1383 to include apprenticeships that are approved by the ND State Electrical Board to be eligible for the tax credit as these apprenticeships have a longstanding history of helping small businesses throughout the state build out their workforce.

In closing Mr. Chairman, this tax credit will help incent employers to develop apprenticeships in traditional and newer jobs as we see our state's workforce shortage impact every community and industry. I hope that the committee agrees and supports HB 1383.

Thank you. I am happy to try and answer any questions.

23.0580.01002
Title.

Prepared by the Legislative Council staff for
Representative Boschee
March 7, 2023

PROPOSED AMENDMENTS TO HOUSE BILL NO. 1383

Page 1, line 11, replace "apprentice" with "individual who is an apprentice in an apprenticeship program as provided in title 29, Code of Federal Regulations, subtitle a, part 29 or an apprentice electrician registered under chapter 43-09 and is"

Page 1, line 15, replace "Obtain" with "For a taxpayer that employs an individual who is an apprentice in an apprenticeship program as provided in title 29, Code of Federal Regulations, subtitle a, part 29, obtain"

Page 1, line 18, replace ". The taxpayer shall" with "and"

Page 1, line 19, after "of" insert "the"

Page 1, line 19, replace "under this subdivision and any" with ".

c. Submit any"

Page 1, line 22, replace "an" with "a qualified"

Renumber accordingly