

## Kansas Apprenticeship Act Tax and Grant Incentive Guidance

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### Background on Kansas Office of Apprenticeship

Commerce is recognized both federally and by state law as the state apprenticeship agency. Commerce facilitates an appointed Council of 12 industry and educational experts with the goal to support union training programs, business training programs, non-government organizations higher education, K12, and other entities in developing, operating, and maintaining robust registered apprenticeship training programs recognized and approved by the State of Kansas. *All Registered Apprenticeship programs must have five hallmarks to be recognized for certification including: on the job training, related technical instruction, mentorship, wage progression and industry recognized credentials.* Due to strong industry and educational support, the Kansas Office of Apprenticeship<sup>1</sup> transformed to specifically meet the needs of the Kansas economy our most high wage and high demand occupations. With an aggressive mindset, the Kansas Apprenticeship Council has also published a 6-year strategic plan along with a strong vision and mission statement: <https://ksapprenticeship.org/office-reports-documents/>.

### Kansas Apprenticeship Act (HB 2292)

Effective July 1, 2023, Governor Kelly signed into law the Kansas Apprenticeship Act (Act), which establishes a tax credit and grant incentive programs for apprenticeships and creates a matching grant program<sup>2</sup>.

Total fund is established at.....\$13 million

<sup>1</sup> Kansas Office of Apprenticeship. About Us. <https://ksapprenticeship.org/about-us/>

<sup>2</sup> HB 2292. Kansas Apprenticeship Act. [http://www.kslegislature.org/li/b2023\\_24/measures/hb2292/](http://www.kslegislature.org/li/b2023_24/measures/hb2292/)

This act establishes an incentive fund for businesses and non-profits hiring registered apprentices. It is separated into 3 specific areas including \$7.5 million in tax credits to for-profit businesses, \$2.5 million for non-profits and healthcare, and \$3 million for K-12 Education. The incentive fund is a use it or lose it fund as it does not allow for carry over funding nor building value. It also does not have a sunset clause. More specifically:

- **Kansas For-Profit Businesses Tax Credits** – authorizes Department of Revenue to award tax credits up to \$2,500 until after December 31, 2025 then goes up to \$2,750 for each employed apprentice, not to exceed 20 such credits in any taxable year per eligible employer and up to 4 years per apprentice. The statute requires the tax credit to be claimed by an eligible employer for the taxable year in which the apprentice completed the probationary period or the taxable year succeeding the calendar year in which the apprentice completed the probationary period while employed by the eligible employer. There is an additional \$500 credit for Registered Apprenticeship programs connected to Perkins Eligible programming.
- **Kansas Nonprofit Apprenticeship Grant Program** – authorizes Commerce to develop, award, and administer grants to eligible nonprofit employers and eligible nonprofit health care employers that employ an apprentice pursuant to a registered apprenticeship agreement. The amount of the grant is up to \$2,750 for each employed apprentice, not to exceed 20 such grants in any taxable year per eligible employer and up to 4 years per apprentice.
- **Kansas Educator Registered Apprenticeship Grant Program** – authorizes Commerce to develop, award and administer grants to eligible Teacher Educator apprentices attending applicant schools and awarded through their employer. The use of grant funds for the payment of apprentice tuition, fees, and the cost of books and materials, up to a maximum of \$2,750 per year for four years.

### Process for Each Incentive Program Funding

In order to ease questions and concerns, below is a decision tree to help guide Registered Apprenticeship Sponsors to their appropriate tax or grant program. Please note, all reimbursement funding will require the following documents:

All Registered Apprentices must be in good standing with the Kansas Office of Apprenticeship and hired on with a Single Employer Sponsor in good standing or connected to a Multi-Employer Sponsor in good standing. For more information, please visit: <https://ksapprenticeship.org/registered-apprenticeship-in-ks/>

1. **Fully executed Registered Apprenticeship Agreement (ETA-671 form)** –
  - a. **What is it?:** An ETA-671 Form, or Registered Apprenticeship Agreement is signed by the employer, the apprentice employee and the program registrar before the start of the program, but after the apprentice is officially hired. The ETA-671 form is a legal requirement and is the contract that outlines key details about the apprenticeship program including the duration of the paid on-the-job training, the probationary program, progressive wage schedule, duration of the related technical instruction, and minimum related instruction hours among other information. *It is required that copies of the fully executed form signed by all parties should be kept onsite by the*

*apprenticeship program<sup>3</sup> and should also be stored in the Registered Apprenticeship Program Information Database System (RAPIDS)<sup>4</sup>.*

- b. **What does the ETA-671 form include?:** The ETA-671 form also includes the Registered Apprenticeship Program unique identifying number and the Apprentices unique identifying number, ensuring that this is a legitimate apprenticeship program that meets minimum Federal Standards outlined in 29 CFR 29.
  - c. **Where to get this form?:** This form can be hand filled and signed; however, RAPIDS now allows for pre-filled ETA-671 forms to be printed with the inclusion of all pertinent information needed for a fully executed form, only lacking signatures. As of May 2023, RAPIDS now includes DocuSign, an online signatory system that will allow for all parties to complete the signature requirements entirely online. For more information on Rapids, visit: <https://ksapprenticeship.org/office-reports-documents/>
2. **Confirmation the Apprentice has met their Probationary Period and is currently employed –**
- a. **What is a Probationary period?:** Every registered apprenticeship program is required to define a probationary period reasonable in relation to the full apprenticeship term. The probationary period cannot exceed 25 percent of the length of the program, or 1 year, whichever is shorter<sup>5</sup>. For this tax and grant incentive funding, the statute requires the apprentice be employed and have completed their apprenticeship probationary period.
  - b. **Where is the Probationary period defined?:** The terms of the probationary period is defined in the original Apprenticeship Standards contract language between the Sponsor and the state of Kansas; however, it also is indicated on a fully signed and executed Registered Apprenticeship Agreement (ETA-671 form).
  - c. **Example Documents to show proof of employment?:** There are several documents that can be used to show proof that the Registered Apprentice is employed, and they have met their probationary period. Whomever is the employer at the time of the apprentice can receive the tax or grant funding; however, the probationary period follows the apprentices. This is especially important for joint apprenticeship training committees which is a collective of several employers. Examples of documentation could include:
    - i. Schedule K-24 form – available through the KS Department of Revenue (expected December 2023)
    - ii. Employment verification letter – notarized letter showing employment at the approximate date the probationary period is complete or has been passed.
    - iii. Pay stubs – showing employment at the approximate date the probationary period is complete or has been passed.
3. **Carl D. Perkins Career and Technical Education verification.**
- a. **What is a Perkins eligible CTE program?:** Signed into law in 1984, the Carl D. Perkins Vocational Technical Education Act<sup>6</sup> specifically funds education and career pathways for technical education needed for economic success for the economy. Approval

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<sup>3</sup> Labor Standard for the Registration of Apprenticeship Programs. Part 29, Section 29.7

<sup>4</sup> What is RAPIDS? ApprenticeshipUSA. USDOL Office of Apprenticeship. <https://www.apprenticeship.gov/help/what-rapids>

<sup>5</sup> Labor Standard for the Registration of Apprenticeship Programs. Part 29, Section 19.3.8

<sup>6</sup> Perkins V. Perkins Collaborative Resource Network. U.S. Department of Education. Office of Career, Technical, and Adult Education. Website visited: 5/31/2023. <https://cte.ed.gov/legislation/perkins-v>

through the Kansas Board of Regents (KBOR), a list of all Perkins eligible programs are stored by the Kansas Higher Education Data System (KHEDS)<sup>7</sup>. More information can be found at: [https://www.kansasregents.org/workforce\\_development/perkins\\_grants](https://www.kansasregents.org/workforce_development/perkins_grants)

- b. **How does Perkins impact Registered Apprenticeship:** Perkins eligible programs are based on state need and include high wage and high demand occupations, occupations that are often apprenticeable. If the Registered Apprenticeship sponsor is utilizing an educational institution or training provider that is Perkins Eligible, additional tax incentives are available.
- c. **Example Documents to show proof of enrollment:** Forms could vary, but what is most important is that the apprentice is enrolled in a program that is Perkins Eligible. As long as enrollment documentation matches that of KHEDS list, it would be acceptable. The training provider should have a copy of their Perkins Eligibility. KHEDS is found here: [https://submission.kansasregents.org/ibi\\_apps/portal/BIP\\_Public2/KHEStats](https://submission.kansasregents.org/ibi_apps/portal/BIP_Public2/KHEStats)

#### Kansas For-Profit Businesses Tax Credits

The tax credit may be awarded for up to 20 apprentices employed in each taxable year per eligible employer and cannot be awarded for employment of the same apprentice more than 4 times. The statute requires the tax credit to be taken in the tax year next succeeding the calendar year in which the employment requirement to claim the credit is met.

For questions contact: Brenda Sidebottom,  
KS Department of Revenue  
[Brenda.sidebottom@ks.gov](mailto:Brenda.sidebottom@ks.gov)  
Phone: 785-296-8042

1. Are you a for-profit business with an established Kansas address and pay Kansas taxes?
  - a. Yes – move to question 2 in the For-Profit Business Tax Incentive
  - b. No – look at Kansas Non-Profit Grant OR Kansas Educator Grant programs
2. Is your Registered Apprentice a Kansas resident?
  - a. Yes – move to question 3 in the For-Profit Business Tax Incentive
  - b. No –non-Kansas resident apprentices are not eligible for this tax incentive even if they are registered in a Kansas based Registered Apprenticeship program.
3. Gather appropriate forms for each eligible Registered Apprentice:
  - i. Registered Apprenticeship Agreement (ETA-671 form) – fully signed and executed by all parties
  - ii. Employment verification documents
4. Provide all documentation to the Department of Revenue at the time you file taxes. The first available filing for this tax incentive will be January 1, 2024 for the 2023 tax year. Schedule K-24 will also be required (to be posted to the KDOR website December 2023).
  - a. For tax years 2023, 2024, and 2025 – total tax incentive is equal to \$2,500 per Registered Apprentice.
  - b. For tax years 2026 and after – total tax incentive is equal to \$2,750 per Registered Apprentice. If the apprentice is enrolled in a Perkins eligible program, the employer may

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<sup>7</sup> Perkins Grant Information. The Kansas Board of Regents. Website visited 5/31/2023.  
[https://www.kansasregents.org/workforce\\_development/perkins\\_grants](https://www.kansasregents.org/workforce_development/perkins_grants)

claim get an additional \$500 per apprentices who is participating in a Perkins eligible program.

### Kansas Non-For-Profit Grant Program

The grant may be awarded for up to 20 apprentices employed in each taxable year per eligible employer and cannot to be awarded for employment of the same apprentice more than 4 times. The statute requires the grant to be taken in the tax year next succeeding the calendar year in which the employment requirement to claim the credit is met.

1. Are you an entity with non-for-profit status (including healthcare) with an established Kansas address?
  - a. Yes – move to question 2 in the Non-For-Profit grant incentive
  - b. No – look at Kansas For-Profit Grant OR Kansas Educator Grant programs
2. Are you a K-12 Education employer?
  - a. Yes – move to Kansas Educator Grant programs
  - b. No - move to question 3 in the Non-For-Profit grant program
3. Is your Registered Apprentice a Kansas resident?
  - a. Yes – move to question 4 in the Non-For-Profit grant incentive
  - b. No –non-Kansas resident apprentices are not eligible for this grant program even if they are registered in a Kansas based Registered Apprenticeship program.
4. Gather appropriate forms for each eligible Registered Apprentice:
  - iii. Registered Apprenticeship Agreement (ETA-671 form) – fully signed and executed by all parties
  - iv. Employment verification documents
  - v. W-9 signed by the employer
  - vi. Sexual Harassment Policy Form
  - vii. ACH Form – Authorization for Electronic Deposit of Supplier Payment and copy of voided check or bank letter
5. Fill out the application online and upload all required documentation. Link is here: [[web address](#)]
6. Once all documentation is finalized, Kansas Department of Commerce will send you a final Memorandum of Understanding (MOU) document through DocuSign. Funds will not be released until all documentation is completed.

### Kansas Educator Registered Apprentice Grant Program

The grant may be awarded for up to 20 apprentices employed in each taxable year per eligible employer and is not to be awarded for employment of the same apprentice more than 4 times. The statute requires the grant to be taken in the tax year next succeeding the calendar year in which the employment requirement to claim the credit is met.

This grant only applies to education apprentices attending applicant schools for the purpose of increasing the number of qualified, credentialed teachers in Kansas. Eligible expenses are limited to: tuition, fees, and cost of books and materials.

7. Are you a K-12 Education employer?
  - a. Yes – move to question 2 in the K-12 Teacher Educator grant incentive program
  - b. No – look at Kansas For-Profit Grant OR Kansas Non-For Profit Grant program
8. Gather appropriate forms for each eligible Registered Apprentice you are requesting the grant:

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- viii. Registered Apprenticeship Agreement (ETA-671 form) – fully signed and executed by all parties
  - ix. Employment verification documents
  - x. W-9 signed by the employer
  - xi. Sexual Harassment Policy Form
  - xii. ACH Form – Authorization for Electronic Deposit of Supplier Payment and copy of voided check or bank letter
  - xiii. Receipts for reimbursed tuition, fees, and cost of books and materials
9. Fill out the application online and upload all required documentation. Link is here: [web address]
  10. Once all documentation is finalized, Kansas Department of Commerce will send you a final Memorandum of Understanding (MOU) document through DocuSign. Funds will not be released until all documentation is completed.
  11. Submit all receipts for reimbursed tuition, fees, and cost of books and materials for verification for reimbursement.

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