

LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS
FISCAL IMPACT STATEMENT

LS 6998

BILL NUMBER: HB 1366

NOTE PREPARED: Jan 6, 2026

BILL AMENDED:

SUBJECT: Workforce Development Incentives.

FIRST AUTHOR: Rep. Jackson C

BILL STATUS: As Introduced

FIRST SPONSOR:

FUNDS AFFECTED: **GENERAL**
DEDICATED
FEDERAL

IMPACT: State

Summary of Legislation: The bill provides for a nonrefundable apprenticeship tax credit (credit) for an eligible employer. It provides that the amount of the credit is \$2,500 for each apprentice employed. It also specifies procedures for claiming the credit.

The bill also requires a board to issue a license, certificate, registration, or permit to an individual to allow the individual to practice the individual's occupation in Indiana if the individual satisfies certain conditions.

Effective Date: July 1, 2026; January 1, 2027.

Explanation of State Expenditures: *Department of State Revenue (DOR):* The bill establishes a new nonrefundable tax credit. The DOR will experience additional workload and expenses to put the bill's changes in place. The DOR should be able to make these changes within current resource levels.

Department of Workforce Development (DWD): The DWD would have additional workload to certify positions as qualified apprenticeships. The bill's requirements are within the agency's routine administrative functions and should be able to be implemented with no additional appropriations, assuming near customary agency staffing and resource levels.

Professional Licensing Agency (PLA): This provision would increase the administrative workload of the PLA. Depending on the number of additional applications for license reciprocity, it is not likely the increase in workload would fall outside the PLA's current staffing and resource levels.

Explanation of State Revenues: *Apprenticeship Tax Credit:* The bill would reduce state General Fund revenue by an estimated \$2 M to \$5.6 M in FY 2028. The bill establishes a nonrefundable apprenticeship tax credit beginning in tax year 2027.

The revenue impact would likely grow over time. There is no cap on the total amount of credits that can be claimed annually, and the number of registered apprenticeships in Indiana is increasing. The bill also defines qualified apprenticeships broadly to include apprenticeships offered through or in conjunction with a

program developed by the DWD as well as registered apprenticeships with the United States Department of Labor. This could also increase the number of employers who are eligible for the credit over time.

The tax credit may be claimed by employers who employ a qualified apprentice. The credit may be applied against tax liability for the following taxes:

- Corporate income tax,
- Individual income tax,
- Financial institutions tax.

Employers may claim a credit of \$2,500 for one apprentice per taxable year. Taxpayers who employ multiple apprentices may claim the credit for up to six apprentices (a maximum credit of \$15,000 per tax year) if at least half of the apprentices for whom the credit is claimed meet the following criteria:

- Foster children participating in a transition to independent living program with the Department of Child Services;
- Military veterans;
- Spouses of individuals in the military; or
- Women.

In federal fiscal year 2026, there were 25,596 active registered apprentices in Indiana. Of that number, 9.7% of Indiana registered apprentices are women and 5.7% are veterans. The estimate assumes that 800 to 1,500 employers are able to claim the credit in tax year 2027. The low estimate assumes that taxpayers only are able to claim the credit for one apprentice. The high end estimate assumes that 1,500 employers claim the credit, with 10% of those employers claiming six apprentices and 90% claim one apprentice.

License Fee Revenue: The additional annual revenue amount from license fees this provision may generate is indeterminable and likely dependent on demand for the affected professions within Indiana.

Additional Information - Analysis of in-state versus out-of-state professional licensing data over FY 2024 and FY 2025 for four affected professions under the bill found between 4% to 19% of active license holders resided in a border state to Indiana. The following table lists those professions and their active out-of-state percentage.

Table A. Percentage of Active Licenses in Border State (Selected Professions)

Profession	Border-state Active License Percentage
Cosmetology	3.9%
Dental Hygienists*	9.87%*
Dieticians	18.9%
Social Workers	9.6%

* Dental Hygienist percentage is for all states outside of Indiana.

To provide a general background of out-of-state license issuance in FY 2025, OFMA also analyzed reciprocal licenses of certain licensed professions affected by the bill. The following table provides information on the initial application/reciprocity fee, the number of reciprocal licenses issued, and the estimated FY 2025

reciprocal license revenue generated by those professions.

Table B. Significant Reciprocal Licensed Professions Affected Under the Bill			
Profession	Initial Application Fee	FY 2025 Reciprocity Licenses Issued	FY 2025 Estimated License Revenue From Reciprocities
Behavioral Health	\$50	724	\$36,200
Cosmetology	\$40	814	\$32,560
Dieticians	\$20	124	\$2,480
Real Estate Broker	\$60	120	\$7,200
Respiratory Care	\$50	189	\$9,450
Speech/Language Pathologist	\$150	208	\$31,200

Note— Reciprocity data for Table B is for reciprocities issued to all non-Indiana addresses.

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected: Department of State Revenue, Department of Workforce Development, Professional Licensing Agency, boards of professions affected under the bill.

Local Agencies Affected:

Information Sources: ApprenticeshipUSA. Apprentices by State. Indiana. Federal Fiscal Year 2026. <https://www.apprenticeship.gov/data-and-statistics/apprentices-by-state-dashboard>; Legislative Services Agency. Workforce Program Review 2024. https://iga.in.gov/publications/workforce_review/2024%20Workforce%20Evaluation_FINAL.pdf; Professional Licensing Agency active license counts FY 2025- FY 2026. <https://www.in.gov/professions>.

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