

HB 2081 -- TAX CREDITS FOR CERTAIN ENGINEERING DEGREES

SPONSOR: Brown (149)

For all tax years beginning on or after January 1, 2025, this bill authorizes three tax credits to qualified employers and qualified employees. Qualified employers are defined as a business entity registered to do business in this state and whose principal business activity involves the engineering sector. Qualified employees are defined as a person newly-employed on a full-time basis with a qualified employer on or after January 1, 2025, and who has been awarded an engineering degree or certificate from a qualified program from a qualified institution, as such terms are defined in the bill.

A qualified employer is allowed a tax credit for tuition reimbursed to a qualified employee who has received his or her degree or certificate within one year prior to or following the commencement of employment with the qualified employer. The tax credit will be equal to 50% of the amount of tuition reimbursed and may be claimed for the first four years of the qualified employee's employment. Such tax credits cannot be transferred, sold, or assigned, and shall not be refundable or carried forward to any other tax year.

A qualified employer will also be allowed a tax credit for compensation paid to a qualified employee for the first five years of such employee's employment. The tax credit will be equal to 5% of compensation paid to a qualified employee who received his or her degree or certificate from an out-of-state institution, and 10% of compensation paid to a qualified employee who received his or her degree or certificate from an in-state institution. Such tax credits cannot exceed \$15,000 for a qualified employee in a tax year, and cannot exceed a total of \$75,000 for any given qualified employee. Such tax credits cannot be transferred, sold, or assigned, and shall not be refundable or carried forward to any other tax year.

A taxpayer who becomes a qualified employee will be allowed a tax credit in an amount equal to \$5,000. The tax credit may be claimed for five consecutive tax years beginning with the tax year in which the taxpayer becomes a qualified employee. No taxpayer shall claim a total of more than \$25,000 in tax credits. Such tax credits cannot be transferred, sold, or assigned, and cannot be refundable, but may be carried forward to subsequent tax years, provided that a tax credit cannot be carried forward beyond the fourth tax year succeeding the tax year in which the taxpayer initially claimed the tax credit.

The Department of Economic Development shall annually submit a report to the General Assembly containing information regarding the cost and effectiveness of the provisions and any recommendations.

This bill sunsets on December 31, 2030.

This bill is similar to SB 849 (2024).