

HB 204 -- TAX CREDITS FOR CERTAIN ENGINEERING DEGREES

SPONSOR: Brown (149)

For all tax years beginning on or after January 1, 2026, this bill authorizes three tax credits to qualified employers and qualified workers. The tax credits are considered a training and educational tax credit as indicated in the bill. "Qualified employers" are defined as a business entity or public entity registered to do business in this state and whose principal business activity involves the engineering sector. "Qualified worker" is defined as a person newly-employed on a full-time basis with a qualified employer on or after January 1, 2026, 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 worker 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 worker's employment. Such tax credits cannot be transferred, sold, or assigned, and will 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 worker for the first five years of such worker's employment. The tax credit will be equal to 10% of compensation paid to a qualified worker who received his or her degree or certificate from a qualified program awarded by a qualified institution. Such tax credits cannot exceed \$15,000 for a qualified worker in a tax year, and cannot exceed a total of \$75,000 for any given qualified worker. Such tax credits cannot be transferred, sold, or assigned, and will not be refundable or carried forward to any other tax year.

A taxpayer who becomes a qualified worker will be allowed a tax credit in an amount equal to \$2,500. The tax credit may be claimed for five consecutive tax years beginning with the tax year in which the taxpayer becomes a qualified worker. No taxpayer will claim a total of more than \$12,500 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 must 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, 2031.

This bill is the same as HB 2081 (2024) and similar to SB 849 (2024).