



State of Wisconsin
2011 - 2012 LEGISLATURE



LRB-3029/1
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2011 SENATE BILL 448

February 9, 2012 - Introduced by Senator GROTHMAN, cosponsored by Representatives JACQUE, KERKMAN, FIELDS, BIES, BROOKS, MURSAU, SPANBAUER, STROEBEL, PRIDEMORE and TOLES. Referred to Committee on Economic Development and Veterans and Military Affairs.

1 **AN ACT** *to amend* 71.05 (6) (a) 15., 71.21 (4), 71.26 (2) (a) 4., 71.34 (1k) (g), 71.45
2 (2) (a) 10. and 77.92 (4); and *to create* 71.07 (5p), 71.10 (4) (cs), 71.28 (5p), 71.30
3 (3) (dr), 71.47 (5p) and 71.49 (1) (dr) of the statutes; **relating to:** an income tax
4 and franchise tax credit for training apprentices.

Analysis by the Legislative Reference Bureau

This bill creates an income tax and franchise tax credit for an employer that pays wages to an apprentice who is participating in a two-year to five-year apprenticeship program in which the apprentice is receiving instruction leading to qualification as a skilled journeyman in any of the five industrial manufacturing trades; any of the five private sector service occupations; or any of the five construction trades; with the most projected job openings for new entrants, as determined by the Department of Workforce Development. The amount of the credit is 5 percent of the wages paid to an apprentice in a taxable year, but cannot exceed \$1,400, except that, in the taxable year in which the apprentice completes the apprenticeship program, the amount of the credit is 8 percent of the wages paid to an apprentice, but cannot exceed \$3,000. Generally, no employer may claim the credit for taxable years beginning after December 31, 2014, if the number of employers training apprentices does not increase by more than 40 percent from January 1, 2012, to December 31, 2014.

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For further information see the *state* fiscal estimate, which will be printed as an appendix to this bill.

The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:

1 **SECTION 1.** 71.05 (6) (a) 15. of the statutes, as affected by 2011 Wisconsin Act
2 32, is amended to read:

3 71.05 **(6)** (a) 15. The amount of the credits computed under s. 71.07 (2dd), (2de),
4 (2di), (2dj), (2dL), (2dm), (2dr), (2ds), (2dx), (2dy), (3g), (3h), (3n), (3p), (3q), (3r),
5 (3rm), (3rn), (3s), (3t), (3w), (5e), (5f), (5h), (5i), (5j), (5k), (5n), (5p), (5r), (5rm), and
6 (8r) and not passed through by a partnership, limited liability company, or
7 tax-option corporation that has added that amount to the partnership's, company's,
8 or tax-option corporation's income under s. 71.21 (4) or 71.34 (1k) (g).

9 **SECTION 2.** 71.07 (5p) of the statutes is created to read:

10 71.07 **(5p)** INDUSTRIAL, SERVICE, AND SKILLED TRADES APPRENTICESHIP CREDIT. (a)
11 *Definitions.* In this subsection:

12 1. "Apprentice" means a person who participates in a 2-year to 5-year
13 apprenticeship program, as determined and approved by the department of
14 workforce development, in which the person receives instruction leading to
15 qualification as a skilled journeyman in an industrial manufacturing trade,
16 construction trade, or private sector service occupation, if the apprenticeship
17 program provides instruction related to any of the 5 manufacturing trades; any of the
18 5 construction trades; or any of the 5 private sector service occupations; with the most
19 projected job openings for new entrants, as determined by the department of
20 workforce development.

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1 2. “Claimant” means a person who files a claim under this subsection and who
2 is a trades trainer, as determined and approved by the department of workforce
3 development.

4 (b) *Filing claims.* Subject to the limitations provided in this subsection, for
5 taxable years beginning after December 31, 2011, a claimant may claim as a credit
6 against the taxes imposed under s. 71.02 an amount equal to 5 percent of the wages
7 the claimant paid to an apprentice in the taxable year, but the amount of the credit
8 may not exceed \$1,400 for each apprentice, except that a claimant may claim as a
9 credit against the taxes imposed under s. 71.02 an amount equal to 8 percent of the
10 wages the claimant paid to an apprentice in the taxable year in which the apprentice
11 completes an apprenticeship program, but the amount of the credit may not exceed
12 \$3,000 for each apprentice.

13 (c) *Limitations.* 1. With respect to an apprentice who is employed in a full-time
14 job as an apprentice, no person may claim a credit under this subsection and sub.
15 (2dx) or (2dy) for the same job.

16 2. This subsection does not apply to taxable years that begin after December
17 31, 2014, if the number of employers training apprentices in programs approved by
18 the department of workforce development does not increase by more than 40 percent
19 from January 1, 2012, to December 31, 2014, as determined by the department of
20 workforce development, except that a claimant who has claimed a credit for an
21 apprentice’s wages in any taxable year beginning before January 1, 2015, may
22 continue to claim a credit for the apprentice’s wages in succeeding taxable years,
23 until the apprentice completes the apprenticeship program. As soon as practicable
24 after December 31, 2014, the department of workforce development shall certify to
25 the department of revenue the number of employers training apprentices in

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1 approved programs on January 1, 2012, and the number of employers training
2 apprentices in approved programs on December 31, 2014.

3 3. Partnerships, limited liability companies, and tax-option corporations may
4 not claim the credit under this subsection, but the eligibility for, and the amount of,
5 the credit are based on their payment of wages under par. (b). A partnership, limited
6 liability company, or tax-option corporation shall compute the amount of credit that
7 each of its partners, members, or shareholders may claim and shall provide that
8 information to each of them. Partners, members of limited liability companies, and
9 shareholders of tax-option corporations may claim the credit in proportion to their
10 ownership interests.

11 (d) *Administration.* Section 71.28 (4) (e) to (h), as it applies to the credit under
12 s. 71.28 (4), applies to the credit under this subsection.

13 **SECTION 3.** 71.10 (4) (cs) of the statutes is created to read:

14 71.10 (4) (cs) Industrial, service, and skilled trades apprenticeship credit under
15 s. 71.07 (5p).

16 **SECTION 4.** 71.21 (4) of the statutes, as affected by 2011 Wisconsin Act 32, is
17 amended to read:

18 71.21 (4) Credits computed by a partnership under s. 71.07 (2dd), (2de), (2di),
19 (2dj), (2dL), (2dm), (2ds), (2dx), (2dy), (3g), (3h), (3n), (3p), (3q), (3r), (3rm), (3rn), (3s),
20 (3t), (3w), (5e), (5f), (5g), (5h), (5i), (5j), (5k), (5n), (5p), (5r), (5rm), and (8r) and passed
21 through to partners shall be added to the partnership's income.

22 **SECTION 5.** 71.26 (2) (a) 4. of the statutes, as affected by 2011 Wisconsin Act 32,
23 is amended to read:

24 71.26 (2) (a) 4. Plus the amount of the credit computed under s. 71.28 (1dd),
25 (1de), (1di), (1dj), (1dL), (1dm), (1ds), (1dx), (1dy), (3g), (3h), (3n), (3p), (3q), (3r),

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1 (3rm), (3rn), (3t), (3w), (5e), (5f), (5g), (5h), (5i), (5j), (5k), (5n), (5p), (5r), (5rm), (8r),
2 and (9s) and not passed through by a partnership, limited liability company, or
3 tax-option corporation that has added that amount to the partnership's, limited
4 liability company's, or tax-option corporation's income under s. 71.21 (4) or 71.34 (1k)
5 (g).

6 **SECTION 6.** 71.28 (5p) of the statutes is created to read:

7 71.28 (5p) INDUSTRIAL, SERVICE, AND SKILLED TRADES APPRENTICESHIP CREDIT. (a)
8 *Definitions.* In this subsection:

9 1. "Apprentice" means a person who participates in a 2-year to 5-year
10 apprenticeship program, as determined and approved by the department of
11 workforce development, in which the person receives instruction leading to
12 qualification as a skilled journeyman in an industrial manufacturing trade,
13 construction trade, or private sector service occupation, if the apprenticeship
14 program provides instruction related to any of the 5 manufacturing trades; any of the
15 5 construction trades; or any of the 5 private sector service occupations; with the most
16 projected job openings for new entrants, as determined by the department of
17 workforce development.

18 2. "Claimant" means a person who files a claim under this subsection and who
19 is a trades trainer, as determined and approved by the department of workforce
20 development.

21 (b) *Filing claims.* Subject to the limitations provided in this subsection, for
22 taxable years beginning after December 31, 2011, a claimant may claim as a credit
23 against the taxes imposed under s. 71.23 an amount equal to 5 percent of the wages
24 the claimant paid to an apprentice in the taxable year, but the amount of the credit
25 may not exceed \$1,400 for each apprentice, except that a claimant may claim as a

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1 credit against the taxes imposed under s. 71.23 an amount equal to 8 percent of the
2 wages the claimant paid to an apprentice in the taxable year in which the apprentice
3 completes an apprenticeship program, but the amount of the credit may not exceed
4 \$3,000 for each apprentice.

5 (c) *Limitations.* 1. With respect to an apprentice who is employed in a full-time
6 job as an apprentice, no person may claim a credit under this subsection and sub.
7 (1dx) or (1dy) for the same job.

8 2. This subsection does not apply to taxable years that begin after December
9 31, 2014, if the number of employers training apprentices in programs approved by
10 the department of workforce development does not increase by more than 40 percent
11 from January 1, 2012, to December 31, 2014, as determined by the department of
12 workforce development, except that a claimant who has claimed a credit for an
13 apprentice's wages in any taxable year beginning before January 1, 2015, may
14 continue to claim a credit for the apprentice's wages in succeeding taxable years,
15 until the apprentice completes the apprenticeship program. As soon as practicable
16 after December 31, 2014, the department of workforce development shall certify to
17 the department of revenue the number of employers training apprentices in
18 approved programs on January 1, 2012, and the number of employers training
19 apprentices in approved programs on December 31, 2014.

20 3. Partnerships, limited liability companies, and tax-option corporations may
21 not claim the credit under this subsection, but the eligibility for, and the amount of,
22 the credit are based on their payment of wages under par. (b). A partnership, limited
23 liability company, or tax-option corporation shall compute the amount of credit that
24 each of its partners, members, or shareholders may claim and shall provide that
25 information to each of them. Partners, members of limited liability companies, and

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1 shareholders of tax-option corporations may claim the credit in proportion to their
2 ownership interests.

3 (d) *Administration.* Subsection (4) (e) to (h), as it applies to the credit under
4 sub. (4), applies to the credit under this subsection.

5 **SECTION 7.** 71.30 (3) (dr) of the statutes is created to read:

6 71.30 (3) (dr) The industrial, service, and skilled trades apprenticeship credit
7 under s. 71.28 (5p).

8 **SECTION 8.** 71.34 (1k) (g) of the statutes, as affected by 2011 Wisconsin Act 32,
9 is amended to read:

10 71.34 (1k) (g) An addition shall be made for credits computed by a tax-option
11 corporation under s. 71.28 (1dd), (1de), (1di), (1dj), (1dL), (1dm), (1ds), (1dx), (1dy),
12 (3), (3g), (3h), (3n), (3p), (3q), (3r), (3rm), (3rn), (3t), (3w), (5e), (5f), (5g), (5h), (5i), (5j),
13 (5k), (5n), (5p), (5r), (5rm), and (8r) and passed through to shareholders.

14 **SECTION 9.** 71.45 (2) (a) 10. of the statutes, as affected by 2011 Wisconsin Act
15 32, is amended to read:

16 71.45 (2) (a) 10. By adding to federal taxable income the amount of credit
17 computed under s. 71.47 (1dd) to (1dy), (3g), (3h), (3n), (3p), (3q), (3r), (3rm), (3rn),
18 (3w), (5e), (5f), (5g), (5h), (5i), (5j), (5k), (5n), (5p), (5r), (5rm), (8r), and (9s) and not
19 passed through by a partnership, limited liability company, or tax-option
20 corporation that has added that amount to the partnership's, limited liability
21 company's, or tax-option corporation's income under s. 71.21 (4) or 71.34 (1k) (g) and
22 the amount of credit computed under s. 71.47 (1), (3), (3t), (4), (4m), and (5).

23 **SECTION 10.** 71.47 (5p) of the statutes is created to read:

24 71.47 (5p) INDUSTRIAL, SERVICE, AND SKILLED TRADES APPRENTICESHIP CREDIT. (a)
25 *Definitions.* In this subsection:

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1 1. “Apprentice” means a person who participates in a 2-year to 5-year
2 apprenticeship program, as determined and approved by the department of
3 workforce development, in which the person receives instruction leading to
4 qualification as a skilled journeyman in an industrial manufacturing trade,
5 construction trade, or private sector service occupation, if the apprenticeship
6 program provides instruction related to any of the 5 manufacturing trades; any of the
7 5 construction trades; or any of the 5 private sector service occupations; with the most
8 projected job openings for new entrants, as determined by the department of
9 workforce development.

10 2. “Claimant” means a person who files a claim under this subsection and who
11 is a trades trainer, as determined and approved by the department of workforce
12 development.

13 (b) *Filing claims.* Subject to the limitations provided in this subsection, for
14 taxable years beginning after December 31, 2011, a claimant may claim as a credit
15 against the taxes imposed under s. 71.43 an amount equal to 5 percent of the wages
16 the claimant paid to an apprentice in the taxable year, but the amount of the credit
17 may not exceed \$1,400 for each apprentice, except that a claimant may claim as a
18 credit against the taxes imposed under s. 71.43 an amount equal to 8 percent of the
19 wages the claimant paid to an apprentice in the taxable year in which the apprentice
20 completes an apprenticeship program, but the amount of the credit may not exceed
21 \$3,000 for each apprentice.

22 (c) *Limitations.* 1. With respect to an apprentice who is employed in a full-time
23 job as an apprentice, no person may claim a credit under this subsection and sub.
24 (1dx) or (1dy) for the same job.

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1 2. This subsection does not apply to taxable years that begin after December
2 31, 2014, if the number of employers training apprentices in programs approved by
3 the department of workforce development does not increase by more than 40 percent
4 from January 1, 2012, to December 31, 2014, as determined by the department of
5 workforce development, except that a claimant who has claimed a credit for an
6 apprentice's wages in any taxable year beginning before January 1, 2015, may
7 continue to claim a credit for the apprentice's wages in succeeding taxable years,
8 until the apprentice completes the apprenticeship program. As soon as practicable
9 after December 31, 2014, the department of workforce development shall certify to
10 the department of revenue the number of employers training apprentices in
11 approved programs on January 1, 2012, and the number of employers training
12 apprentices in approved programs on December 31, 2014.

13 3. Partnerships, limited liability companies, and tax-option corporations may
14 not claim the credit under this subsection, but the eligibility for, and the amount of,
15 the credit are based on their payment of wages under par. (b). A partnership, limited
16 liability company, or tax-option corporation shall compute the amount of credit that
17 each of its partners, members, or shareholders may claim and shall provide that
18 information to each of them. Partners, members of limited liability companies, and
19 shareholders of tax-option corporations may claim the credit in proportion to their
20 ownership interests.

21 (d) *Administration.* Section 71.28 (4) (e) to (h), as it applies to the credit under
22 s. 71.28 (4), applies to the credit under this subsection.

23 **SECTION 11.** 71.49 (1) (dr) of the statutes is created to read:

24 71.49 (1) (dr) Industrial, service, and skilled trades apprenticeship credit
25 under s. 71.47 (5p).

