2017 SENATE BILL 112

March 16, 2017 – Introduced by Senators C. LARSON, JOHNSON and L. TAYLOR, cosponsored by Representatives BROSTOFF, SINICKI, GOYKE, KESSLER, BERCEAU, SARGENT and ZAMARRIPA. Referred to Committee on Revenue, Financial Institutions and Rural Issues.

1 AN ACT *to amend* 71.05 (6) (a) 15., 71.21 (4) (a), 71.26 (2) (a) 4., 71.34 (1k) (g) and

2 71.45 (2) (a) 10.; and *to create* 71.07 (8b), 71.10 (4) (cs), 71.28 (8b), 71.30 (3) (cs),

3 71.47 (8b) and 71.49 (1) (cs) of the statutes; **relating to:** a tax credit for hiring

4 certain apprentices from the Milwaukee Institute of Art and Design.

Analysis by the Legislative Reference Bureau

This bill allows a business to claim an income and franchise tax credit equal to $2,500 for each employee who is employed through the Milwaukee Institute of Art and Design apprenticeship program funded by an American Apprenticeship Initiative grant through the United States Department of Labor. To claim the credit, the business must be located in this state and engaged in a design apprenticeship activity consistent with the purposes for which the school received the grant. The maximum amount of the credit that may be claimed for all claimants and all taxable years is $750,000.

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:

5 **SECTION 1.** 71.05 (6) (a) 15. of the statutes is amended to read:

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1   71.05 **(6)** (a) 15. Except as provided under s. 71.07 (3p) (c) 5., the amount of the

2   credits computed under s. 71.07 (2dm), (2dx), (2dy), (3g), (3h), (3n), (3p), (3q), (3r),

3   (3rm), (3rn), (3s), (3t), (3w), (3y), (4k), (4n), (5e), (5f), (5h), (5i), (5j), (5k), (5r), (5rm),

4   (6n), (8b), and (8r) and not passed through by a partnership, limited liability

5   company, or tax-option corporation that has added that amount to the partnership's,

6   company's, or tax-option corporation's income under s. 71.21 (4) or 71.34 (1k) (g).

7   SECTION 2. 71.07 (8b) of the statutes is created to read:

8   71.07 **(8b)** APPRENTICESHIP PROGRAM CREDIT. (a) *Definition*. In this subsection,

9   "claimant" means a person who files a claim under this subsection.

10   (b) *Filing claims*. Subject to the limitations provided in this subsection, a

11   claimant may claim a credit against the taxes imposed under s. 71.02, up to the

12   amount of the tax, an amount equal to $2,500 multiplied by the number of the

13   claimant's employees who satisfy all of the following conditions:

14   1. In the taxable year for which the claimant claims a credit under this

15   subsection, the employee is employed through the Milwaukee Institute of Art and

16   Design apprentice program funded by an American apprenticeship initiative grant

17   through the U.S. department of labor.

18   2. The employee is employed by a business owned by the claimant that is

19   located in this state and that is engaged in a design apprenticeship activity

20   consistent with the purposes for which the Milwaukee Institute of Art and Design

21   received the grant described under subd. 1.

22   (c) *Limitations*. 1. No person may claim the credit under this subsection unless

23   the person first applies for the credit with the department, in the manner prescribed

24   by the department, and the department approves the credit.

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1   2. The total amount of the credits that claimants may claim under this

2   subsection and ss. 71.28 (8b) and 71.47 (8b) is $750,000. The department may adjust

3   the amount of any credits claimed under this subsection and ss. 71.28 (8b) and 71.47

4   (8b) at the time that applications are made under subd. 1. and ss. 71.28 (8b) (c) 1. and

5   71.47 (8b) (c) 1. so that the limit under this subdivision is not exceeded.

6   3. Partnerships, limited liability companies, and tax-option corporations may

7   not claim the credit under this subsection, but the eligibility for and the amount of

8   the credit are based on their hiring of eligible employees described under par. (b).

9   A partnership, limited liability company, or tax-option corporation shall compute

10   the amount of credit that each of its partners, members, or shareholders may claim

11   and shall provide that information to each of them. Partners, members of limited

12   liability companies, and shareholders of tax-option corporations may claim the

13   credit in proportion to their ownership interests.

14   (d) *Administration.* Section 71.28 (4) (e) to (h), as it applies to the credit under

15   s. 71.28 (4), applies to the credit under this subsection.

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

17   71.10 **(4)** (cs) Apprenticeship program credit under s. 71.07 (8b).

18   **SECTION 4.** 71.21 (4) (a) of the statutes is amended to read:

19   71.21 **(4)** (a) The amount of the credits computed by a partnership under s.

20   71.07 (2dm), (2dx), (2dy), (3g), (3h), (3n), (3p), (3q), (3r), (3rm), (3rn), (3s), (3t), (3w),

21   (3y), (4k), (4n), (5e), (5f), (5g), (5h), (5i), (5j), (5k), (5r), (5rm), (6n), (8b), and (8r) and

22   passed through to partners shall be added to the partnership's income.

23   **SECTION 5.** 71.26 (2) (a) 4. of the statutes is amended to read:

24   71.26 **(2)** (a) 4. Plus the amount of the credit computed under s. 71.28 (1dm),

25   (1dx), (1dy), (3g), (3h), (3n), (3p), (3q), (3r), (3rm), (3rn), (3t), (3w), (5e), (5f), (5g), (5h),

1 (5i), (5j), (5k), (5r), (5rm), (6n), (8b), (8r), and (9s) and not passed through by a

2 partnership, limited liability company, or tax-option corporation that has added that

3 amount to the partnership's, limited liability company's, or tax-option corporation's

4 income under s. 71.21 (4) or 71.34 (1k) (g).

5   **SECTION 6.** 71.28 (8b) of the statutes is created to read:

6   71.28 **(8b)** APPRENTICESHIP PROGRAM CREDIT. (a) *Definition*. In this subsection,

7 "claimant" means a person who files a claim under this subsection.

8   (b) *Filing claims*. Subject to the limitations provided in this subsection, a

9 claimant may claim a credit against the taxes imposed under s. 71.23, up to the

10 amount of the tax, an amount equal to $2,500 multiplied by the number of the

11 claimant's employees who satisfy all of the following conditions:

12   1. In the taxable year for which the claimant claims a credit under this

13 subsection, the employee is employed through the Milwaukee Institute of Art and

14 Design apprentice program funded by an American apprenticeship initiative grant

15 through the U.S. department of labor.

16   2. The employee is employed by a business owned by the claimant that is

17 located in this state and that is engaged in a design apprenticeship activity

18 consistent with the purposes for which the Milwaukee Institute of Art and Design

19 received the grant described under subd. 1.

20   (c) *Limitations*. 1. No person may claim the credit under this subsection unless

21 the person first applies for the credit with the department, in the manner prescribed

22 by the department, and the department approves the credit.

23   2. The total amount of the credits that claimants may claim under this

24 subsection and ss. 71.07 (8b) and 71.47 (8b) is $750,000. The department may adjust

25 the amount of any credits claimed under this subsection and ss. 71.07 (8b) and 71.47

1   (8b) at the time that applications are made under subd. 1. and ss. 71.07 (8b) (c) 1. and

2   71.47 (8b) (c) 1. so that the limit under this subdivision is not exceeded.

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 hiring of eligible employees described under par. (b).

6   A partnership, limited liability company, or tax-option corporation shall compute

7   the amount of credit that each of its partners, members, or shareholders may claim

8   and shall provide that information to each of them. Partners, members of limited

9   liability companies, and shareholders of tax-option corporations may claim the

10   credit in proportion to their ownership interests.

11   (d) *Administration.* Subsection (4) (e) to (h), as it applies to the credit under

12   sub. (4), applies to the credit under this subsection.

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

14   71.30 **(3)** (cs) Apprenticeship program credit under s. 71.28 (8b).

15   **SECTION 8.** 71.34 (1k) (g) of the statutes is amended to read:

16   71.34 **(1k)** (g) An addition shall be made for credits computed by a tax-option

17   corporation under s. 71.28 (1dm), (1dx), (1dy), (3), (3g), (3h), (3n), (3p), (3q), (3r),

18   (3rm), (3rn), (3t), (3w), (3y), (4), (5), (5e), (5f), (5g), (5h), (5i), (5j), (5k), (5r), (5rm), (6n),

19   (8b), and (8r) and passed through to shareholders.

20   **SECTION 9.** 71.45 (2) (a) 10. of the statutes is amended to read:

21   71.45 **(2)** (a) 10. By adding to federal taxable income the amount of credit

22   computed under s. 71.47 (1dm) to (1dy), (3g), (3h), (3n), (3p), (3q), (3r), (3rm), (3rn),

23   (3w), (3y), (5e), (5f), (5g), (5h), (5i), (5j), (5k), (5r), (5rm), (6n), (8b), (8r), and (9s) and

24   not passed through by a partnership, limited liability company, or tax-option

25   corporation that has added that amount to the partnership's, limited liability

1   company's, or tax−option corporation's income under s. 71.21 (4) or 71.34 (1k) (g) and

2   the amount of credit computed under s. 71.47 (1), (3), (3t), (4), (4m), and (5).

3   **SECTION 10.** 71.47 (8b) of the statutes is created to read:

4   71.47 **(8b)** APPRENTICESHIP PROGRAM CREDIT. (a) *Definition*. In this subsection,

5   "claimant" means a person who files a claim under this subsection.

6   (b) *Filing claims*. Subject to the limitations provided in this subsection, a

7   claimant may claim a credit against the taxes imposed under s. 71.43, up to the

8   amount of the tax, an amount equal to $2,500 multiplied by the number of the

9   claimant's employees who satisfy all of the following conditions:

10   1. In the taxable year for which the claimant claims a credit under this

11   subsection, the employee is employed through the Milwaukee Institute of Art and

12   Design apprentice program funded by an American apprenticeship initiative grant

13   through the U.S. department of labor.

14   2. The employee is employed by a business owned by the claimant that is

15   located in this state and that is engaged in a design apprenticeship activity

16   consistent with the purposes for which the Milwaukee Institute of Art and Design

17   received the grant described under subd. 1.

18   (c) *Limitations*. 1. No person may claim the credit under this subsection unless

19   the person first applies for the credit with the department, in the manner prescribed

20   by the department, and the department approves the credit.

21   2. The total amount of the credits that claimants may claim under this

22   subsection and ss. 71.07 (8b) and 71.28 (8b) is $750,000. The department may adjust

23   the amount of any credits claimed under this subsection and ss. 71.07 (8b) and 71.28

24   (8b) at the time that applications are made under subd. 1. and ss. 71.07 (8b) (c) 1. and

25   71.28 (8b) (c) 1. so that the limit under this subdivision is not exceeded.

1   3. Partnerships, limited liability companies, and tax-option corporations may

2   not claim the credit under this subsection, but the eligibility for and the amount of

3   the credit are based on their hiring of eligible employees described under par. (b).

4   A partnership, limited liability company, or tax-option corporation shall compute

5   the amount of credit that each of its partners, members, or shareholders may claim

6   and shall provide that information to each of them. Partners, members of limited

7   liability companies, and shareholders of tax-option corporations may claim the

8   credit in proportion to their ownership interests.

9   (d) *Administration.* Section 71.28 (4) (e) to (h), as it applies to the credit under

10   s. 71.28 (4), applies to the credit under this subsection.

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

12   71.49 **(1)** (cs) Apprenticeship program credit under s. 71.47 (8b).

13   **SECTION 12. Initial applicability.**

14   (1) This act first applies to taxable years beginning on January 1, 2017.

15   **(END)**