



## Fiscal Estimate Narratives

DOR 3/4/2019

LRB Number	19-1159/1	Introduction Number	SB-045	Estimate Type	Original
<b>Description</b> creating individual and corporate income and franchise tax deductions for tuition paid for apprenticeship programs					

### Assumptions Used in Arriving at Fiscal Estimate

The bill creates an income and franchise tax deduction for tuition expenses paid by an individual or corporation for an individual to participate in an apprenticeship program that is approved by the Department of Workforce Development. The deduction first applies to taxable years beginning after December 31, 2019.

Based on data from the Department of Workforce Development there were approximately 13,600 apprentices in Wisconsin in 2018. Approximately 6,200 were enrolled in programs at a Wisconsin Technical College System (WTCS) school and paid a total of about \$4 million in tuition for these programs, or \$640 per student. Assuming a marginal tax rate of 5 percent, the tuition deduction under the bill for these apprentices would reduce income and franchise tax revenue by an estimated \$200,000 annually (\$4 million x 5%).

The remaining 7,400 apprentices are in apprenticeship programs with entities other than the WTCS. These are typically run by industry groups. Tuition in these programs is approximately \$2,000 annually. Assuming the same 5 percent marginal tax rate, the deduction for these apprentices would result in a reduction in income and franchise tax revenue of an estimated \$740,000.

The total fiscal effect would be an annual reduction in income and franchise tax revenue of an estimated 940,000 (\$200,000 + 740,000). The fiscal effect could be higher to the extent that tuition is paid by a corporate employer, rather than the apprentice, and the deduction is claimed on a corporate return with a tax rate of 7.9 percent.

### Long-Range Fiscal Implications

## Fiscal Estimate Worksheet - 2019 Session

Detailed Estimate of Annual Fiscal Effect

Original     
  Updated     
  Corrected     
  Supplemental

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<b>Description</b> creating individual and corporate income and franchise tax deductions for tuition paid for apprenticeship programs			
<b>I. One-time Costs or Revenue Impacts for State and/or Local Government (do not include in annualized fiscal effect):</b>			
<b>II. Annualized Costs:</b>		<b>Annualized Fiscal Impact on funds from:</b>	
		Increased Costs	Decreased Costs
<b>A. State Costs by Category</b>			
	State Operations - Salaries and Fringes	\$	\$
	(FTE Position Changes)		
	State Operations - Other Costs		
	Local Assistance		
	Aids to Individuals or Organizations		
	<b>TOTAL State Costs by Category</b>	<b>\$</b>	<b>\$</b>
<b>B. State Costs by Source of Funds</b>			
	GPR		
	FED		
	PRO/PRS		
	SEG/SEG-S		
<b>III. State Revenues - Complete this only when proposal will increase or decrease state revenues (e.g., tax increase, decrease in license fee, etc.)</b>			
		Increased Rev	Decreased Rev
	GPR Taxes	\$	\$-940,000
	GPR Earned		
	FED		
	PRO/PRS		
	SEG/SEG-S		
	<b>TOTAL State Revenues</b>	<b>\$</b>	<b>\$-940,000</b>
<b>NET ANNUALIZED FISCAL IMPACT</b>			
		<u>State</u>	<u>Local</u>
	NET CHANGE IN COSTS	\$	\$
	NET CHANGE IN REVENUE	\$-940,000	\$
<b>Agency/Prepared By</b>		<b>Authorized Signature</b>	<b>Date</b>
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