



**WISCONSIN LEGISLATIVE COUNCIL
AMENDMENT MEMO**

2001 Assembly Bill 555

**Assembly
Amendments 4 and 5**

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Assembly Bill 555 creates an income tax and franchise tax credit for an employer that pays wages to an apprentice who is participating in a two- 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; and 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 (DWD). Generally, under the bill, the amount of the credit is 5% of the wages that are paid to an apprentice in a taxable year, but may not exceed \$1,400, except that in the taxable year in which the apprentice completes the apprenticeship program, the amount of the credit is 8% of the wages that are paid to an apprentice but not to exceed \$3,000. No employer may claim the credit for taxable years beginning after December 31, 2004, if the number of employers training apprentices does not increase by more than 40% from January 1, 2002 to December 31, 2004.

Assembly Amendment 4 requires the Secretary of Administration to ensure that \$15,914,400 of moneys lapsed to the general fund under the provisions of Wisconsin Act 16 (the Biennial Budget Act) resulting from appropriation account lapses and fund transfers from the Wisconsin Retirement System contribution savings are used to offset any decrease in tax revenues which are deposited in the general fund for the 2001-03 fiscal biennium that may result from the enactment of the apprenticeship tax credit in the bill.

Assembly Amendment 5 modifies the bill by providing that in the first year of the tax credit, calendar year 2002, the credit is only available for wages paid to apprentices in any of the *three* manufacturing trades; any of the *three* construction trades; or any of the *three* private sector service occupations with the most projected job openings for new entrants as determined by DWD. In addition, the amendment provides that for tax years beginning after 2002, the credit is only available for wages paid to apprentices in any of the *four* manufacturing trades; any of the *four* construction trades; or any of the *four* service occupations having the most projected job openings for new entrants as determined by DWD.

Both Assembly Amendments 4 and 5 were adopted by the Assembly on a voice vote on October 16, 2001. The bill, as amended, passed the Assembly on a vote of Ayes, 59; Noes, 38; on October 23, 2001.

RJC:tlu:rv;tlu