



2005 SENATE BILL 69

February 17, 2005 – Introduced by Senators GROTHMAN, ROESSLER and KANAVAS, cosponsored by Representatives LOEFFELHOLZ, GRONEMUS, AINSWORTH, KERKMAN, VAN ROY, ALBERS, FIELDS, FREESE, JENSEN, TOWNSEND, OTT, VOS, JESKEWITZ, GUNDERSON, PETTIS and DAVIS. Referred to Committee on Job Creation, Economic Development and Consumer Affairs.

1 **AN ACT** *to amend* 71.05 (6) (a) 15., 71.21 (4), 71.26 (2) (a), 71.34 (1) (g), 71.45 (2)
2 (a) 10. and 77.92 (4); and *to create* 71.07 (5e), 71.10 (4) (cp), 71.28 (5e), 71.30
3 (3) (dm), 71.47 (5e) and 71.49 (1) (dm) of the statutes; **relating to:** an income
4 tax 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 that are 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 that are paid to an apprentice, but cannot exceed \$3,000. Generally, no employer may claim the credit for taxable years beginning after December 31, 2008, if the number of employers training apprentices does not increase by more than 40 percent from January 1, 2006, to December 31, 2008.

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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 is amended to read:

2 71.05 (6) (a) 15. The amount of the credits computed under s. 71.07 (2dd), (2de),
3 (2di), (2dj), (2dL), (2dm), (2dr), (2ds), (2dx), (3g), (3n), (3s), (3t), (5b), and (5d), and (5e)
4 and not passed through by a partnership, limited liability company, or tax-option
5 corporation that has added that amount to the partnership's, company's, or
6 tax-option corporation's income under s. 71.21 (4) or 71.34 (1) (g).

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

8 71.07 (5e) INDUSTRIAL, SERVICE, AND SKILLED TRADES APPRENTICESHIP CREDIT. (a)
9 In this subsection:

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

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.

20 3. "Department" means the department of workforce development.

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1 (b) Subject to the limitations provided in this subsection, for taxable years
2 beginning after December 31, 2005, a claimant may claim as a credit against the
3 taxes imposed under s. 71.02 an amount that is equal to 5 percent of the wages that
4 the claimant paid to an apprentice in the taxable year, but the amount of the credit
5 may not exceed \$1,400 for each apprentice, except that a claimant may claim as a
6 credit against the taxes imposed under s. 71.02 an amount that is equal to 8 percent
7 of the wages that the claimant paid to an apprentice in the taxable year in which the
8 apprentice completes an apprenticeship program, but the amount of the credit may
9 not exceed \$3,000 for each apprentice.

10 (bm) With respect to an apprentice who is employed in a full-time job as an
11 apprentice, no person may claim a credit under this subsection and sub. (2dx) for the
12 same job.

13 (c) This subsection does not apply to taxable years that begin after December
14 31, 2008, if the number of employers training apprentices in department-approved
15 programs does not increase by more than 40 percent from January 1, 2006, to
16 December 31, 2008, as determined by the department, except that a claimant who
17 has claimed a credit for an apprentice's wages in any taxable year beginning before
18 January 1, 2009, may continue to claim a credit for the apprentice's wages in
19 succeeding taxable years, until the apprentice completes the apprenticeship
20 program. As soon as practicable after December 31, 2008, the department shall
21 certify to the department of revenue the number of employers training apprentices
22 in approved programs on January 1, 2006, and the number of employers training
23 apprentices in approved programs on December 31, 2008.

24 (d) The carry-over provisions of s. 71.28 (4) (e) and (f), as they apply to the credit
25 under s. 71.28 (4), apply to the credit under this subsection.

SENATE BILL 69**SECTION 2**

1 (e) 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 payment of wages under par. (b). A partnership, limited
4 liability company, or tax-option corporation shall compute the amount of credit that
5 each of its partners, members, or shareholders may claim and shall provide that
6 information to each of them. Partners, members of limited liability companies, and
7 shareholders of tax-option corporations may claim the credit in proportion to their
8 ownership interests.

9 (f) Section 71.28 (4) (g) and (h), as it applies to the credit under s. 71.28 (4),
10 applies to the credit under this subsection.

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

12 71.10 (4) (cp) Industrial, service, and skilled trades apprenticeship credit
13 under s. 71.07 (5e).

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

15 71.21 (4) Credits computed by a partnership under s. 71.07 (2dd), (2de), (2di),
16 (2dj), (2dL), (2dm), (2ds), (2dx), (3g), (3n), (3s), (3t), ~~and (5b), and (5e)~~ and passed
17 through to partners shall be added to the partnership's income.

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

19 71.26 (2) (a) *Corporations in general.* The "net income" of a corporation means
20 the gross income as computed under the Internal Revenue Code as modified under
21 sub. (3) minus the amount of recapture under s. 71.28 (1di) plus the amount of credit
22 computed under s. 71.28 (1), (3), (4), and (5) minus, as provided under s. 71.28 (3) (c)
23 7., the amount of the credit under s. 71.28 (3) that the taxpayer added to income
24 under this paragraph at the time that the taxpayer first claimed the credit plus the
25 amount of the credit computed under s. 71.28 (1dd), (1de), (1di), (1dj), (1dL), (1dm),

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1 (1ds), (1dx), (3g), (3n), (3t), ~~and (5b)~~, and (5e) 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 (1) (g) plus the amount of losses from the sale or
5 other disposition of assets the gain from which would be wholly exempt income, as
6 defined in sub. (3) (L), if the assets were sold or otherwise disposed of at a gain and
7 minus deductions, as computed under the Internal Revenue Code as modified under
8 sub. (3), plus or minus, as appropriate, an amount equal to the difference between
9 the federal basis and Wisconsin basis of any asset sold, exchanged, abandoned, or
10 otherwise disposed of in a taxable transaction during the taxable year, except as
11 provided in par. (b) and s. 71.45 (2) and (5).

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

13 71.28 **(5e)** INDUSTRIAL, SERVICE, AND SKILLED TRADES APPRENTICESHIP CREDIT. (a)

14 In this subsection:

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

23 2. "Claimant" means a person who files a claim under this subsection and who
24 is a trades trainer, as determined and approved by the department.

25 3. "Department" means the department of workforce development.

SENATE BILL 69**SECTION 6**

1 (b) Subject to the limitations provided in this subsection, for taxable years
2 beginning after December 31, 2005, a claimant may claim as a credit against the
3 taxes imposed under s. 71.23 an amount that is equal to 5 percent of the wages that
4 the claimant paid to an apprentice in the taxable year, but the amount of the credit
5 may not exceed \$1,400 for each apprentice, except that a claimant may claim as a
6 credit against the taxes imposed under s. 71.23 an amount that is equal to 8 percent
7 of the wages that the claimant paid to an apprentice in the taxable year in which the
8 apprentice completes an apprenticeship program, but the amount of the credit may
9 not exceed \$3,000 for each apprentice.

10 (bm) With respect to an apprentice who is employed in a full-time job as an
11 apprentice, no person may claim a credit under this subsection and sub. (1dx) for the
12 same job.

13 (c) This subsection does not apply to taxable years that begin after December
14 31, 2008, if the number of employers training apprentices in department-approved
15 programs does not increase by more than 40 percent from January 1, 2006, to
16 December 31, 2008, as determined by the department, except that a claimant who
17 has claimed a credit for an apprentice's wages in any taxable year beginning before
18 January 1, 2009, may continue to claim a credit for the apprentice's wages in
19 succeeding taxable years, until the apprentice completes the apprenticeship
20 program. As soon as practicable after December 31, 2008, the department shall
21 certify to the department of revenue the number of employers training apprentices
22 in approved programs on January 1, 2006, and the number of employers training
23 apprentices in approved programs on December 31, 2008.

24 (d) The carry-over provisions of sub. (4) (e) and (f), as they apply to the credit
25 under sub. (4), apply to the credit under this subsection.

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1 (e) 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 payment of wages under par. (b). A partnership, limited
4 liability company, or tax-option corporation shall compute the amount of credit that
5 each of its partners, members, or shareholders may claim and shall provide that
6 information to each of them. Partners, members of limited liability companies, and
7 shareholders of tax-option corporations may claim the credit in proportion to their
8 ownership interests.

9 (f) Subsection (4) (g) and (h), as it applies to the credit under sub. (4), applies
10 to the credit under this subsection.

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

12 71.30 (3) (dm) The industrial, service, and skilled trades apprenticeship credit
13 under s. 71.28 (5e).

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

15 71.34 (1) (g) An addition shall be made for credits computed by a tax-option
16 corporation under s. 71.28 (1dd), (1de), (1di), (1dj), (1dL), (1dm), (1ds), (1dx), (3), (3g),
17 (3n), (3t), ~~and (5b)~~, and (5e) and passed through to shareholders.

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

19 71.45 (2) (a) 10. By adding to federal taxable income the amount of credit
20 computed under s. 71.47 (1dd) to (1dx), (3n), ~~and (5b)~~, and (5e) and not passed
21 through by a partnership, limited liability company, or tax-option corporation that
22 has added that amount to the partnership's, limited liability company's, or
23 tax-option corporation's income under s. 71.21 (4) or 71.34 (1) (g) and the amount of
24 credit computed under s. 71.47 (1), (3), (3t), (4), and (5).

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

SENATE BILL 69**SECTION 10**

1 71.47 (5e) INDUSTRIAL, SERVICE, AND SKILLED TRADES APPRENTICESHIP CREDIT. (a)

2 In this subsection:

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

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

13 3. “Department” means the department of workforce development.

14 (b) Subject to the limitations provided in this subsection, for taxable years
15 beginning after December 31, 2005, a claimant may claim as a credit against the
16 taxes imposed under s. 71.43 an amount that is equal to 5 percent of the wages that
17 the claimant paid to an apprentice in the taxable year, but the amount of the credit
18 may not exceed \$1,400 for each apprentice, except that a claimant may claim as a
19 credit against the taxes imposed under s. 71.43 an amount that is equal to 8 percent
20 of the wages that the claimant paid to an apprentice in the taxable year in which the
21 apprentice completes an apprenticeship program, but the amount of the credit may
22 not exceed \$3,000 for each apprentice.

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

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1 (c) This subsection does not apply to taxable years that begin after December
2 31, 2008, if the number of employers training apprentices in department-approved
3 programs does not increase by more than 40 percent from January 1, 2006, to
4 December 31, 2008, as determined by the department, except that a claimant who
5 has claimed a credit for an apprentice's wages in any taxable year beginning before
6 January 1, 2009, may continue to claim a credit for the apprentice's wages in
7 succeeding taxable years, until the apprentice completes the apprenticeship
8 program. As soon as practicable after December 31, 2008, the department shall
9 certify to the department of revenue the number of employers training apprentices
10 in approved programs on January 1, 2006, and the number of employers training
11 apprentices in approved programs on December 31, 2008.

12 (d) The carry-over provisions of s. 71.28 (4) (e) and (f), as they apply to the credit
13 under s. 71.28 (4), apply to the credit under this subsection.

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

22 (f) Section 71.28 (4) (g) and (h), as it applies to the credit under s. 71.28 (4),
23 applies to the credit under this subsection.

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

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1 71.49 (1) (dm) Industrial, service, and skilled trades apprenticeship credit
2 under s. 71.47 (5e).

3 **SECTION 12.** 77.92 (4) of the statutes is amended to read:

4 77.92 (4) "Net business income," with respect to a partnership, means taxable
5 income as calculated under section 703 of the Internal Revenue Code; plus the items
6 of income and gain under section 702 of the Internal Revenue Code, including taxable
7 state and municipal bond interest and excluding nontaxable interest income or
8 dividend income from federal government obligations; minus the items of loss and
9 deduction under section 702 of the Internal Revenue Code, except items that are not
10 deductible under s. 71.21; plus guaranteed payments to partners under section 707
11 (c) of the Internal Revenue Code; plus the credits claimed under s. 71.07 (2dd), (2de),
12 (2di), (2dj), (2dL), (2dm), (2dr), (2ds), (2dx), (3g), (3s), (3n), (3t), ~~and (5b)~~, and (5e); and
13 plus or minus, as appropriate, transitional adjustments, depreciation differences,
14 and basis differences under s. 71.05 (13), (15), (16), (17), and (19); but excluding
15 income, gain, loss, and deductions from farming. "Net business income," with respect
16 to a natural person, estate, or trust, means profit from a trade or business for federal
17 income tax purposes and includes net income derived as an employee as defined in
18 section 3121 (d) (3) of the Internal Revenue Code.

19 **(END)**