

**FISCAL ESTIMATE FORM**

**1999 Session**

- ORIGINAL     UPDATED  
 CORRECTED     SUPPLEMENTAL

<b>LRB #</b> 99-4174/5
<b>INTRODUCTION #</b> AB 875
<b>Admin. Rule #</b>

**Subject**  
 Income and Franchise Tax Credit for Businesses that Pay Wages to Apprentices

**Fiscal Effect**

**State:**  No State Fiscal Effect  
 Check columns below only if bill makes a direct appropriation or affects a sum sufficient appropriation

<input type="checkbox"/> Increase Existing Appropriation	<input type="checkbox"/> Increase Existing Revenues	<input checked="" type="checkbox"/> Increase Costs - May be Possible to Absorb Within Agency's Budget <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No  <input type="checkbox"/> Decrease Costs
<input type="checkbox"/> Decrease Existing Appropriation	<input checked="" type="checkbox"/> Decrease Existing Revenues	
<input type="checkbox"/> Create New Appropriation		

**Local:**  No Local Government Costs

1. <input type="checkbox"/> Increase Costs <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	3. <input type="checkbox"/> Increase Revenues <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	5. Types of Local Governmental Units Affected: <input type="checkbox"/> Towns <input type="checkbox"/> Villages <input type="checkbox"/> Cities <input type="checkbox"/> Counties <input type="checkbox"/> Others _____ <input type="checkbox"/> School Districts <input type="checkbox"/> WTCS Districts
2. <input type="checkbox"/> Decrease Costs <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	4. <input type="checkbox"/> Decrease Revenues <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	

<b>Fund Sources Affected</b> <input checked="" type="checkbox"/> GPR <input type="checkbox"/> FED <input type="checkbox"/> PRO <input type="checkbox"/> PRS <input type="checkbox"/> SEG <input type="checkbox"/> SEG-S	<b>Affected Ch. 20 Appropriations</b>
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**Assumptions Used in Arriving at Fiscal Estimate:**

The draft would create a nonrefundable income and franchise tax credit for a business that pays wages to an apprentice participating in a 2-year to 5-year program in construction, industrial or manufacturing trades. The credit would equal 7% of wages paid to an apprentice, not to exceed \$1,400 per year, but would increase to 10%, not to exceed \$3,000, during the year the apprentice completes the program. The program must be approved by the Department of Workforce Development. This credit would first apply to wages paid to an apprentice on July 1, 2001.

According to information from DWD, approximately 9,300 persons currently are participating in apprenticeship programs in manufacturing, industrial or construction trades. This estimate assumes that employers would receive the maximum credit for apprentices and that 75% would qualify the employer for the 7% credit and 25% for the 10% credit in any given year. As such, it is estimated that employers of 7,000 apprenticeships would receive the \$1,400 credit and employers of 2,300 apprentices would receive the \$3,000 credit. Based on Department of Revenue data, it is estimated that 75% of credits are used in the year they are claimed. Thus, the credit would reduce income tax revenues by \$12.5 million annually (7,000 x \$1,400 x 75% + 2,300 x \$3,000 x 75%).

The Department would incur ongoing costs of \$31,900 and one-time development costs of \$126,500 to administer this credit.

**Long-Range Fiscal Implications:**

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**FISCAL ESTIMATE WORKSHEET**

Detailed Estimate of Annual Fiscal Effect

**1999 Session**

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 CORRECTED     SUPPLEMENTAL

**LRB # 99-4174/5**

**Admin. Rule #**

**INTRODUCTION # AB 875**

**Subject**

Income and Franchise Tax Credit for Businesses that Pay Wages to Apprentices

**I. One-Time Costs or Revenue Impacts for State and/or Local Government (do not include in annualized fiscal effect):**

One-time development costs of \$126,500

II. Annualized Costs:	Annualized Fiscal impact on State funds from:	
	Increased Costs	Decreased Costs
<b>A. State Costs by Category</b>		
State Operations - Salaries and Fringe	\$ 31,900	\$ -
(FTE Position Changes)	( FTE)	(- FTE)
State Operations-Other Costs		-
Local Assistance		-
Aids to Individuals or Organizations		-
<b>TOTAL State Costs by Category</b>	<b>\$ 31,900</b>	<b>\$ -</b>
<b>B. State Costs by Source of Funds</b>		
GPR	\$ 31,900	\$ -
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>		
	<b>Increased Rev.</b>	<b>Decreased Rev.</b>
GPR Taxes	\$	\$ - 12,500,000
GPR Earned		-
FED		-
PRO/PRS		-
SEG/SEG-S		-
<b>TOTAL State Revenues</b>	<b>\$</b>	<b>\$ - 12,500,000</b>

**NET ANNUALIZED FISCAL IMPACT**

	<u>STATE</u>	<u>LOCAL</u>
NET CHANGE IN COSTS	\$ 31,900	\$
NET CHANGE IN REVENUES	\$ -12,500,000	\$

Agency/Prepared by: (Name & Phone No.)	Authorized Signature/Telephone No.	Date
Wisconsin Department of Revenue Pamela Walgren, (608) 266-7817	Yeang-Eng Braun <i>Yeang Eng Braun</i> (608) 266-2700	3/22/00