

2001 DRAFTING REQUEST**Bill**Received: **09/21/2001**Received By: **malaigm**Wanted: **As time permits**

Identical to LRB:

For: **Legislative Council - JLC 6-2298**By/Representing: **Robert Conlin**This file may be shown to any legislator: **NO**Drafter: **malaigm**

May Contact:

Addl. Drafters: **phurley
mdsida
jkreye
mlief
kahlepj
grantpr**Subject: **Correctional System - misc
Econ. Development - bus. dev.
Education - MPS
Education - school boards
Employ Priv - job training
Higher Education - UW System
Higher Education - tech. college
Higher Education - miscellaneous
Public Assistance - Wis works
Tax - corp. inc. and fran.
Transportation - driver licenses**

Extra Copies:

Submit via email: **NO**

Pre Topic:

No specific pre topic given

Topic:

Legislative Council Committee on Labor Shortage recommendations

Instructions:

Draft companion to LRB-3327

Drafting History:

<u>Vers.</u>	<u>Drafted</u>	<u>Reviewed</u>	<u>Typed</u>	<u>Proofed</u>	<u>Submitted</u>	<u>Jacketed</u>	<u>Required</u>
/?	malaigm 09/21/2001	csicilia 09/21/2001		_____			State
/1			pgreensl 09/21/2001	_____	lrb_docadmin 09/21/2001	lrb_docadmin 09/24/2001	

FE Sent For:

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↳ At Intro.

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(Companion - Same)
(Today)

Steps

2001 BILL

1 **AN ACT** ~~to renumber~~ 120.13 (17) (title); **to renumber and amend** 120.13 (17)
2 and 343.10 (6); **to amend** 20.445 (3) (md), 39.393 (2), 39.393 (3), 49.1475, 71.05
3 (6) (a) 15., 71.08 (1) (intro.), 71.21 (4), 71.26 (2) (a), 71.28 (1dx) (b) 1., 71.34 (1)
4 (g), 71.45 (2) (a) 10., 77.92 (4), 106.01 (11), 119.04 (1), 119.70 (5), 343.10 (1) (a)
5 and 560.797 (4) (f); and **to create** 15.227 (14), 20.292 (1) (kd), 20.445 (1) (d),
6 36.11 (1) (cg), 38.14 (2) (e), 38.34, 49.175 (1) (zp), 71.07 (5d), 71.07 (5r), 71.07
7 (5v), 71.10 (4) (cd), 71.10 (4) (cp), 71.10 (4) (k), 71.28 (1dx) (b) 1m., 71.28 (1dx)
8 (f), 71.28 (5d), 71.28 (5r), 71.28 (5v), 71.30 (3) (dg), 71.30 (3) (dm), 71.30 (3) (g),
9 71.47 (5d), 71.47 (5r), 71.47 (5v), 71.49 (1) (dg), 71.49 (1) (dm), 71.49 (1) (g),
10 106.01 (12), 106.01 (13), 106.175, 106.18, 106.28, 118.115 (2), 343.10 (6) (b) and
11 560.157 of the statutes; **relating to:** special labor-related reports; training,
12 education, and development zone tax credits; training and education programs;

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1 providing an exemption from emergency rule procedures; granting
2 rule-making authority; and making appropriations.

Analysis by the Legislative Reference Bureau

This bill is explained in the NOTES provided by the joint legislative council in the bill.

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:

PREFATORY NOTE: This bill was prepared for the joint legislative council's special committee on labor shortage. The bill makes numerous changes to current law in a variety of subject matters. Among other things, the bill does the following:

SPECIAL LABOR-RELATED REPORTS**Labor Day Report**

The bill requires the department of workforce development (DWD) to prepare an annual report on the labor supply in Wisconsin. The report must describe any critical labor shortage areas identified by DWD by occupation, region, gender, and race. The report must also recommend potential solutions for those critical labor shortages. Copies of the report must be submitted to the appropriate standing committees of the legislature, to the local workforce development boards established under the federal Workforce Investment Act of 1998 throughout the state, and to other appropriate organizations as determined by DWD.

Department of Corrections Study

The bill requires the department of corrections to report on the availability and effectiveness of programs that provide drug and alcohol abuse treatment, instruction in basic skills such as reading and math, and job skills training to prisoners. The report must include an analysis of the enrollment in and access to these programs by race compared with the racial composition of the prison population as a whole. The report must also include suggestions for programs that would help prisoners enter the workforce.

Tax Study

The bill requires the department of revenue (DOR), in cooperation with DWD, to study and report on current workforce development-related tax incentives and to make recommendations on the state's tax laws to help ensure that the state is able to attract, develop, and retain a highly skilled, highly trained workforce. In developing the report, groups representing employers, employees, taxpayers, and other appropriate groups must be consulted. The report must also consider similar tax incentives in other states.

Student Loan Forgiveness Study

The bill requires the higher educational aids board (HEAB), by January 1, 2002, to study and report on the cost, desirability, and effectiveness of creating a student loan forgiveness program to attract workers to the state.

Jobs Skills Training Program Report

The bill requires DWD to collect information concerning the availability of basic job skills training programs in the state and periodically prepare reports identifying

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those programs for distribution to local workforce development boards, job centers, and other appropriate organizations. To the extent practicable, the reports must identify available training programs by region.

TAX INCENTIVES**Productivity Enhancement Training Tax Credit**

The bill provides a nonrefundable business tax credit for expenses incurred by a business to provide certain training to the business's employees. The credit equals 100% of the business's certified training expenses, up to a maximum of \$7,500 per year. Eligible training expenses include up to \$2,000 incurred for pre-training assessment and consultation services. The credit may not be claimed for amounts deducted by the business under the Internal Revenue Code as ordinary and necessary business expenses. Unused credits may be carried forward for up to 15 years. Under the bill, solo proprietorships, corporations, and insurers may claim the credit. Partnerships, limited liability companies, and tax option corporations compute the credit but pass it on to the partners, members, and shareholders in proportion to their ownership interests.

The purpose of the credit is to encourage businesses to provide training to their employees to improve productivity and to promote, and provide workers for, high-skill and high-wage jobs.

To qualify for the credit, the department of commerce must certify the business's productivity enhancement training expenses. To be eligible to have its expenses certified, the business must submit to the department of commerce a productivity enhancement training plan designed to: (1) increase employee productivity; and (2) result in employees holding jobs in the business that require higher degrees of skill to perform and that pay higher wages than their current jobs. In addition, the business must receive pre-training needs assessment and consultation from an experienced provider of productivity assessments, as approved by the department of commerce. Finally, the business must submit an accounting of its productivity enhancement training expenses so that the department of commerce may determine if the expenses were incurred under the training plan.

Each business that has its expenses certified and that claims the tax credit must report to the department of commerce, by March 1 of the year the business receives the certification, on the results of its productivity enhancement training and on its success in meeting the goals established in its productivity enhancement training plan. The department of commerce is required to report to the legislature by December 1 annually on the effectiveness of the program.

The tax credit is available for taxable years beginning after December 1, 2000. No business may be certified for tax credits for any taxable year beginning after December 31, 2009.

Apprenticeship Tax Credit

The 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 industrial manufacturing trade, any private sector service occupation, or certain construction trades. The amount of the credit is five 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 eight percent of the wages that are paid to an apprentice, but cannot exceed \$3,000. An employer will not receive the credit unless the employer enters into an agreement with DWD permitting DWD to post on DWD's Internet site the employer's name and address and the number of apprentices and journeymen that the employer employs during the year. Generally, no employer may claim the credit for taxable years beginning after December 31, 2004, if the number of employers training

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apprentices does not increase by more than 40% from January 1, 2002, to December 31, 2004.

Education Tax Credit

The bill creates an income tax and franchise tax credit for businesses that pay tuition for an individual to attend a university, college, or technical college. Sole proprietorships, corporations, and insurers may claim the credit. Partnerships, limited liability companies, and tax-option corporations compute the credit but pass it on to the partners, members, and shareholders in proportion to their ownership interests. The credit is an amount equal to: (1) 50% of the tuition paid by a business for an individual to attend school in a taxable year, if the individual is enrolled in a degree-granting program; and (2) 75% of the tuition paid by a business for an individual to attend school in a taxable year, if the individual is enrolled in a degree-granting program and if the individual's taxable income is not more than 185% of the federal poverty line. If the credit claimed by a business exceeds the business's tax liability, the state will not issue a refund check, but the business may carry forward any remaining credit to subsequent taxable years.

Development Zone Tax Credits

Under current law, a person may claim an income tax credit for up to 50% of the person's environmental remediation expenses incurred in a development zone. Under current law, the credit may not be transferred between persons, and a municipality or nonprofit organization that engages in remedial remediation activities in a development zone may not claim a credit.

This bill provides that any person eligible to claim a credit for remediation expenses incurred in a development zone may transfer the right to claim the credit to any other person subject to taxation in this state. In addition, the bill provides that a person may claim a credit for 50% of the amount expended by a municipality or a tax-exempt or nonprofit organization for environmental remediation in a development zone, if the municipality or organization has entered into an exclusive written agreement with the person claiming the credit. The bill requires DOR to promulgate rules implementing the credit transfer provisions.

*TRAINING AND EDUCATION**Job Training Access Policies*

The bill requires every public educational institution in the state to have a policy regarding access to their facilities by local organizations and businesses for the purpose of employment-related training. If the policy allows for such access, the policy shall set a reasonable cost. The policy may allow access based on the availability of space and the appropriateness of the training and only insofar as access would be consistent with the institution's mission.

Trade Master's Pilot Program

Under current law, \$50,000 is provided in fiscal year 2001-02 for DWD to provide a trade master's pilot program to recognize advanced training and postapprenticeship achievements in three trades, crafts, or businesses, one of which must be in the industrial sector, one in the construction sector, and one in the service sector of the economy.

This bill requires DWD, in selecting the trades, crafts, or businesses to be included in the pilot program, to seek to maximize participation in the pilot program of minority group members. The bill also requires DWD to submit to the legislature by July 1, 2004, an evaluation of the effectiveness of the program. In addition, the bill appropriates \$110,000 in fiscal year 2001-02 and \$120,000 in fiscal year 2002-03 to increase the full-time equivalent positions authorized for DWD by one position for the implementation and development of the program.

Workplace Diversity Grant Program

The bill creates a workplace diversity grant program administered by DWD. Under the program, local, nonprofit organizations that offer diversity training, basic

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employment skills development, or instruction in English as a second language to employees and to persons seeking employment may qualify for grants.

A local, nonprofit organization is qualified for a grant if any of the following apply:

(1) The governing body of the local, nonprofit organization is comprised of representatives of private sector employers and local government units or agencies, and the local, nonprofit organization assists local employers in meeting their workforce needs.

(2) The local, nonprofit organization assists persons who have been convicted of a crime, whether employed or not, in strengthening or developing their employment skills and in making or easing their transition from incarceration to work.

(3) The local nonprofit organization assists any of the following persons, whether employed or not, in preparing for or gaining entry into the skilled trades: (a) persons eligible for the Wisconsin works program (commonly referred to as "W-2"); (b) military veterans; (c) persons who have been convicted of a crime; (d) persons eligible for food stamps; and (e) minority group members.

DWD must attempt to award grants to eligible organizations from different geographic regions of the state. The bill appropriates \$120,000 for the grants in fiscal year 2001-02 and limits the amount of a grant to any given organization to \$30,000.

Applications for the grants must be received by December 1, 2001, and the grants must be awarded by January 1, 2002.

The bill requires DWD, by September 1, 2002, to report on the grant program, including the uses made of the grants. The report must recommend whether the program should be funded in the next biennium and, if continued funding is recommended, the report must recommend an appropriate funding level and any changes that should be made to the program.

Job Retention Skills Development Program

The bill requires each technical college district board to make available, and offer at a frequency based upon demand in the district, a job retention skills development program to assist employers to retain new employees, build the job skill levels of those employees, and assist those employees to attain higher wages and long-term careers. To the extent practicable, the program must be provided at employment sites.

The program must emphasize job retention skills development for employees with incomes at or below 200% of the federal poverty line who are current or former recipients of public assistance, employees in the first six months of employment with their employer, and entry-level employees.

In supervising and establishing minimum requirements for the program, the state technical college system board (state board) must consult with employers, technical college district boards (district boards), W-2 agencies, local units of government, and labor organizations. The program must include elements relating to the skills needed to show up for work on time, to work effectively in a team, to communicate with supervisors and coworkers, and to solve basic job-related personal and interpersonal problems.

The bill requires the state board, in consultation with employers, district boards, and DWD, to develop standards to assess the job retention and skills competencies of participants before and after participation in the program. The program expires on December 31, 2004.

Further, the bill requires district boards to assist employers in providing ongoing job retention skills development and reinforcement activities in the work place. The bill also allows district boards to charge employers a fee for the program and services offered to employers. Under the bill, \$200,000 of federal temporary assistance for needy families block grant funds is used to implement the program.

Finally, the bill requires W-2 agencies to coordinate case management services that are provided to W-2 participants in unsubsidized employment with the job retention skills development program.

Nursing Student Loan Forgiveness Program

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Under current law, \$450,000 is appropriated in fiscal year 2002-03 for HEAB to make loans to defray the cost of tuition, fees, and expenses for persons enrolled in a program in this state that confers an associate degree, a bachelor's degree, or a diploma, in nursing or that confers a second degree that will make the person eligible to take the nursing licensure examination. The maximum amount of loans that a person may receive during a fiscal year is \$3,000, and the maximum total amount of loans that a person may receive is \$15,000. After the loan recipient has completed the program, HEAB must forgive 25% of the loan's principal and interest after the first full year, and 25% of the loan's principal and interest after the second full year, that the loan recipient has been employed full time in this state as a nurse.

This bill requires HEAB, to the extent possible, to make those loans to persons who are likely to work in the nursing profession in this state upon completion of the program and who demonstrate a financial need for the loan. The bill also requires HEAB, in making the loans, to give priority to persons who are minority group members and who reside in urban areas of this state that have unemployment rates higher than the state average. In addition, the bill requires HEAB to forgive 50% of the loan's principal and interest after the third full year that the loan recipient has been employed full time in this state as a nurse.

Preapprenticeship Basic Skills Training

The bill directs DWD to contract with an organization of employees, an association of employers, or some other similar responsible agency in this state (organization) to provide preapprenticeship basic skills training grants of up to \$500 to persons whose family income does not exceed 165% of the federal poverty line and who have previously failed a test for placement in an apprenticeship program providing instruction in an industrial manufacturing trade, a private sector service occupation, or certain construction trades, but who wish to participate in such a program. A person who receives a preapprenticeship basic skills training grant may use the grant moneys received to pay for the costs of tuition, fees, books, supplies, and materials, and for any other direct training costs, required to attend a preapprenticeship basic skills training program provided by an organization, a technical college, or a proprietary school approved by the educational approval board.

OTHER

Occupational Driver's License Fee

Prior to passage of 1999 Wisconsin Act 9, the biennial budget act, a person could have his or her operating privileges suspended for failing to pay a judgment for an ordinance violation unrelated to the person's operation of a motor vehicle. Although Act 9 repealed this authority, the act did not restore operating privileges to persons who had their operating privileges suspended prior to Act 9. Under current law, a person whose operating privilege is suspended for failing to pay a judgment for an ordinance violation is not eligible to apply for an occupational driver's license.

This bill allows a person whose operating privilege was suspended solely for failing to pay a judgment for an ordinance violation unrelated to the operation of a motor vehicle to apply for an occupational driver's license upon payment of a \$10 fee. This fee represents a reduction from the \$40 application fee generally charged for an occupational license.

Apprenticeship Marketing Program

The bill requires DWD to conduct apprenticeship marketing activities, including the development and provision of promotional materials directed at encouraging employers to hire apprentices, educating high school career counselors on careers available in the skilled trades, encouraging the youth of this state to consider a career in the skilled trades, and otherwise promoting the availability and benefits of careers in the skilled trades. The bill requires DWD to solicit contributions from private sources to assist in the provision of those promotional materials and to seek the advice of and consult

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with the apprenticeship marketing council created by the bill regarding the administration of those apprenticeship marketing activities.

SECTION 1. 15.227 (14) of the statutes is created to read:

15.227 (14) APPRENTICESHIP MARKETING COUNCIL. There is created in the department of workforce development an apprenticeship marketing council appointed by the secretary of workforce development. The council shall consist of 4 members appointed for 3 year terms who represent the interests of employees, 4 members appointed for 3-year terms who represent the interests of employers, and 2 employees of the department of workforce development to serve at the pleasure of the secretary.

SECTION 2. 20.005 (3) (schedule) of the statutes: at the appropriate place, insert the following amounts for the purposes indicated:

	2001-02	2002-03
20.445 Workforce development, department of		
(1) WORKFORCE DEVELOPMENT		
(d) Workplace diversity grant pro-		
gram	GPR A \$120,000	-0-

SECTION 3. 20.292 (1) (kd) of the statutes is created to read:

20.292 (1) (kd) *Job retention skills development programs.* All moneys transferred from the appropriation account under s. 20.445 (3) (md) for job retention skills development programs under s. 38.34. No moneys may be encumbered from this appropriation after June 30, 2003.

SECTION 4. 20.445 (1) (d) of the statutes is created to read:

20.445 (1) (d) *Workplace diversity grant program.* The amounts in the schedule for workplace diversity grants under s. 106.28.

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1 **SECTION 5.** 20.445 (3) (md) of the statutes, as affected by 2001 Wisconsin Act
2 16, is amended to read:

3 20.445 (3) (md) *Federal block grant aids.* The amounts in the schedule, less
4 the amounts withheld under s. 49.143 (3), for aids to individuals or organizations and
5 to be transferred to the appropriation accounts under ss. 20.255 (2) (kh) and (kp),
6 20.292 (1) (kd), 20.433 (1) (k), 20.434 (1) (kp) and (ky), 20.435 (3) (kc), (kd), (km), and
7 (ky), (5) (ky), (7) (ky), and (8) (kx), 20.465 (4) (k), and 20.835 (2) (kf). All block grant
8 moneys received for these purposes from the federal government or any of its
9 agencies and all moneys recovered under s. 49.143 (3) shall be credited to this
10 appropriation account.

11 **SECTION 6.** 36.11 (1) (cg) of the statutes is created to read:

12 36.11 (1) (cg) The board shall ensure that each institution and college campus
13 establishes a written policy regarding the use of classrooms and facilities by local
14 organizations and businesses for employment-related training. The policy may
15 condition access on payment of a reasonable fee, the availability of space, and the
16 appropriateness of the training. The policy may limit access to activities that are
17 consistent with the mission of the institution or college campus.

18 **SECTION 7.** 38.14 (2) (e) of the statutes is created to read:

19 38.14 (2) (e) Each district board shall establish a written policy regarding the
20 use of classrooms and facilities by local organizations and businesses for
21 employment-related training. The policy may condition access on payment of a
22 reasonable fee, the availability of space, and the appropriateness of the training. The
23 policy may limit access to activities that are consistent with the mission of the
24 technical college.

25 **SECTION 8.** 38.34 of the statutes is created to read:

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1 **38.34 Job retention skills development programs.** (1) Each district
2 board shall make available, and shall offer at a frequency based upon demand in the
3 district, a job retention skills development program in order to assist employers to
4 retain new employees, build job skill levels of those employees, and assist those
5 employees in attaining higher wages and long-term careers. To the extent
6 practicable, the district board shall offer the program at employment sites. The
7 program shall emphasize job retention skills development for employees with gross
8 incomes at or below 200% of the poverty line, as defined in s. 49.001 (5), who are any
9 of the following:

10 (a) Current or former recipients of public assistance, including participants in
11 Wisconsin works employment positions under s. 49.147.

12 (b) Employees who are within the first 6 months of employment with their
13 employer.

14 (c) Entry-level employees.

15 (2) The program shall provide training in all of the following:

16 (a) Skills needed to achieve punctuality and consistency in attendance at the
17 employee's employment.

18 (b) Skills needed to effectively work in a team.

19 (c) Skills needed to effectively communicate with supervisors and coworkers.

20 (d) Skills needed to solve basic workplace-related personal and interpersonal
21 problems.

22 (3) (a) The board shall supervise, and establish minimum requirements for, the
23 program. Except as provided in sub. (2), the board shall determine the length and
24 content of the program after consultation with employers, district boards, Wisconsin

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1 works agencies, as defined in s. 49.001 (9), local units of government, and labor
2 organizations.

3 (b) In consultation with employers, district boards, and the department of
4 workforce development, the board shall develop standards for assessing the job
5 retention skills, including the skills specified in sub. (2), of employees before and
6 after their participation in the program.

7 (4) To the extent practicable, the district board shall assist employers in
8 providing ongoing job retention skills development and reinforcement activities in
9 the workplace. The district board may charge employers a fee for the program and
10 services offered under this section.

11 (5) This section does not apply after December 31, 2004.

12 **SECTION 9.** 39.393 (2) of the statutes, as created by 2001 Wisconsin Act 16, is
13 amended to read:

14 39.393 (2) Beginning in the 2002–03 fiscal year, the board shall make loans
15 under this section from the appropriation account under s. 20.235 (1) (cm). To the
16 extent possible, the board shall make loans under this section to persons who are
17 likely to work in the nursing profession in this state upon completion of the program
18 under sub. (1) and who demonstrate a financial need for the loan. In making loans
19 under this section, the board shall give priority to persons who are minority group
20 members, as defined in s. 560.036 (1) (f), and who reside in urban areas of this state
21 that have unemployment rates higher than the state average. The maximum
22 amount of ~~loan for a person~~ all loans that a person may receive under this section
23 during any fiscal year is \$3,000. The maximum total amount of all loans that a
24 person may receive under this section is \$15,000. The board shall ensure that the

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1 terms of the loan do not require a loan recipient to repay the loan while the recipient
2 is enrolled in a program under sub. (1).

3 **SECTION 10.** 39.393 (3) of the statutes, as created by 2001 Wisconsin Act 16, is
4 amended to read:

5 39.393 (3) After the recipient of a loan under sub. (1) has completed the
6 program described in sub. (1), the board shall forgive 25% of the loan's principal and
7 interest after the first full year ~~and~~, 25% of the loan's principal and interest after the
8 2nd full year, and 50% of the loan's principal and interest after the 3rd full year that
9 the recipient has been employed full time in this state as a nurse. The board may
10 forgive loans on a prorated basis for persons who are employed less than full time.

11 **SECTION 11.** 49.1475 of the statutes is amended to read:

12 **49.1475 Follow-up services.** Following any follow-up period required by the
13 contract entered into under s. 49.143, a Wisconsin works agency may provide case
14 management services for an individual who moves from a Wisconsin works
15 employment position to unsubsidized employment to help the individual retain the
16 unsubsidized employment. Case management services may include the provision of
17 employment skills training; English as a 2nd language classes, if the Wisconsin
18 works agency determines that the course will facilitate the individual's efforts to
19 retain employment; a course of study meeting the standards established under s.
20 115.29 (4) for the granting of a declaration of equivalency of high school graduation;
21 or other remedial education courses. A Wisconsin works agency shall coordinate case
22 management services with a program offered by a technical college under s. 38.34.
23 The Wisconsin works agency may provide case management services regardless of
24 the individual's income and asset levels.

25 **SECTION 12.** 49.175 (1) (zp) of the statutes is created to read:

BILL**SECTION 12**

1 49.175 (1) (zp) *Job retention skills development programs*. For the transfer of
2 moneys to the technical college system board for implementation costs for job
3 retention skills development programs under s. 38.34, \$200,000 in fiscal year
4 2001-02.

5 **SECTION 13.** 71.05 (6) (a) 15. of the statutes, as affected by 2001 Wisconsin Act
6 16, is amended to read:

7 71.05 (6) (a) 15. The amount of the credits computed under s. 71.07 (2dd), (2de),
8 (2di), (2dj), (2dL), (2dm), (2dr), (2ds), (2dx), (3g), ~~and (3s), (5d), (5r), and (5v)~~ not
9 passed through by a partnership, limited liability company or tax-option corporation
10 that has added that amount to the partnership's, company's, or tax-option
11 corporation's income under s. 71.21 (4) or 71.34 (1) (g).

12 **SECTION 14.** 71.07 (5d) of the statutes is created to read:

13 71.07 (5d) 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
18 any industrial manufacturing trade or private sector service occupation or receives
19 instruction in the construction trades leading to qualification as a skilled
20 journeyman carpenter, including a floor coverer, millwright, or pile driver; laborer;
21 ironworker; or painter, including a taper.

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

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

BILL

1 (b) Subject to the limitations provided in this subsection, for taxable years
2 beginning after December 31, 2001, a claimant may claim as a credit against the
3 taxes imposed under s. 71.02 an amount that is equal to 5% of the wages that the
4 claimant paid to an apprentice in the taxable year, but not to exceed \$1,400, except
5 that a claimant may claim as a credit against the taxes imposed under s. 71.02 an
6 amount that is equal to 8% of the wages that the claimant paid to an apprentice in
7 the taxable year in which the apprentice completes an apprenticeship program, but
8 not to exceed \$3,000.

9 (c) No claimant may receive a credit under this subsection unless the claimant
10 enters into an agreement with the department permitting the department to post on
11 the department's Internet site the claimant's name and address and the number of
12 apprentices and journeymen employed by the claimant during the calendar year.

13 (d) This subsection does not apply to taxable years that begin after December
14 31, 2004, if the number of employers training apprentices in department-approved
15 programs does not increase by more than 40% from January 1, 2002, to December
16 31, 2004, as determined by the department, except that a claimant who has claimed
17 a credit for an apprentice's wages in any taxable year beginning before January 1,
18 2005, may continue to claim a credit for the apprentice's wages in succeeding taxable
19 years, until the apprentice completes the apprenticeship program. As soon as
20 practicable after December 31, 2004, the department shall certify to the department
21 of revenue the number of employers training apprentices in approved programs on
22 January 1, 2002, and the number of employers training apprentices in approved
23 programs on December 31, 2004.

24 (e) 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.

BILL

1 (f) 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 (g) 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 15.** 71.07 (5r) of the statutes is created to read:

12 **71.07 (5r) EDUCATION CREDIT.** (a) In this subsection:

13 1. "Claimant" means a sole proprietor, a partner, a member of a limited liability
14 company, or a shareholder of a tax-option corporation who files a claim under this
15 subsection.

16 2. "Degree-granting program" means an educational program for which an
17 associate, a bachelor's, or a graduate degree is awarded upon successful completion.

18 3. "Family member" has the meaning given in s. 157.061 (7).

19 4. "Managing employee" means an individual who wholly or partially exercises
20 operational or managerial control over, or who directly or indirectly conducts, the
21 operation of the claimant's business.

22 5. "Poverty line" has the meaning given in s. 49.001 (5).

23 6. "Qualified postsecondary institution" means all of the following:

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1 a. A University of Wisconsin System institution, a technical college system
2 institution, or a regionally accredited 4-year nonprofit college or university having
3 its regional headquarters and principal place of business in this state.

4 b. A school approved under s. 45.54, if the school has a physical presence, and
5 the delivery of education occurs, in this state.

6 (b) Subject to the limitations provided in this subsection, for taxable years
7 beginning after December 31, 2001, a claimant may claim as a credit against the tax
8 imposed under s. 71.02 an amount equal to the following:

9 1. Fifty percent of the tuition that the claimant paid or incurred during the
10 taxable year for an individual to participate in an education program of a qualified
11 postsecondary institution, if the individual was enrolled in a degree-granting
12 program.

13 2. Seventy-five percent of the tuition that the claimant paid or incurred during
14 the taxable year for an individual to participate in an education program of a
15 qualified postsecondary institution, if the individual was enrolled in a
16 degree-granting program and if the individual's taxable income in the year prior to
17 commencing participation in the education program in connection with which a
18 credit is claimed is not more than 185% of the poverty line.

19 (c) A claimant may not claim the credit under par. (b) for any tuition amounts
20 that the claimant excluded under s. 71.05 (6) (b) 28. or under section 127 of the
21 Internal Revenue Code.

22 (d) A claimant may not claim the credit under par. (b) for any tuition amounts
23 that the claimant paid or incurred for a family member of the claimant or for a family
24 member of a managing employee unless all of the following apply:

BILL

1 1. The family member was employed an average of at least 20 hours a week as
2 an employee of the claimant, or of the claimant's business, during the one-year
3 period prior to commencing participation in the education program in connection
4 with which the claimant claims a credit under par. (b).

5 2. The family member is enrolled in a degree-granting program that is
6 substantially related to the claimant's business.

7 3. The family member is making satisfactory progress towards completing the
8 degree-granting program under subd. 2.

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

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

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

21 **SECTION 16.** 71.07 (5v) of the statutes is created to read:

22 71.07 (5v) PRODUCTIVITY ENHANCEMENT TRAINING CREDIT. (a) In this subsection,
23 "productivity enhancement training expenses" has the meaning given in s. 560.157
24 (1).

BILL

1 (b) Subject to the limitations provided in this subsection, for taxable years
2 beginning after December 31, 2000, any partner, member of a limited liability
3 company, or a shareholder of a tax-option corporation may claim as a credit against
4 taxes otherwise due under s. 71.02 an amount that is equal to 100% of the amount
5 of the partner's, member's, or shareholder's productivity enhancement training
6 expenses certified by the department of commerce under s. 560.157 in the taxable
7 year for which the expenses are certified, but that is not to exceed \$7,500.

8 (c) The carry-over provisions of section 71.28 (4) (e) and (f), as they apply to the
9 credit under s. 71.28 (4), apply to the credit under this subsection.

10 (d) A partner, member of a limited liability company, or shareholder of a
11 tax-option corporation may not claim the credit under par. (b) for any productivity
12 enhancement training expenses that the partner, member, or shareholder deducted
13 from gross income for Wisconsin income tax or franchise tax purposes under section
14 162 of the Internal Revenue Code.

15 (e) Partnerships, limited liability companies, and tax-option corporations may
16 not claim the credit under this subsection, but the eligibility for, and the amount of,
17 the credit are based on their productivity enhancement training expenses certified
18 under s. 560.157. A partnership, limited liability company, or tax-option corporation
19 shall compute the amount of credit that each of its partners, members, or
20 shareholders may claim and shall provide that information to each of them.
21 Partners, members of limited liability companies, and shareholders of tax-option
22 corporations may claim the credit in proportion to their ownership interest.

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

BILL

1 (g) No credit may be claimed under this subsection for taxable years beginning
2 after December 31, 2009. Credits claimed under this subsection for taxable years
3 beginning before January 1, 2010, may be carried forward to taxable years beginning
4 after December 31, 2009, as provided under s. 71.28 (4) (f).

5 **SECTION 17.** 71.08 (1) (intro.) of the statutes is amended to read:

6 71.08 (1) IMPOSITION. (intro.) If the tax imposed on a natural person, married
7 couple filing jointly, trust or estate under s. 71.02, not considering the credits under
8 ss. 71.07 (1), (2dd), (2de), (2di), (2dj), (2dL), (2dr), (2ds), (2dx), (2fd), (3m), (3s), (5v),
9 (6), and (9e), 71.28 (1dd), (1de), (1di), (1dj), (1dL), (1ds), (1dx), (1fd), (2m) and (3), and
10 (5v), and 71.47 (1dd), (1de), (1di), (1dj), (1dL), (1ds), (1dx), (1fd), (2m) and (3), and
11 (5v) and subchs. VIII and IX and payments to other states under s. 71.07 (7), is less
12 than the tax under this section, there is imposed on that natural person, married
13 couple filing jointly, trust or estate, instead of the tax under s. 71.02, an alternative
14 minimum tax computed as follows:

15 **SECTION 18.** 71.10 (4) (cd) of the statutes is created to read:

16 71.10 (4) (cd) Education credit under s. 71.07 (5r).

17 **SECTION 19.** 71.10 (4) (cp) of the statutes is created to read:

18 71.10 (4) (cp) Industrial, service, and skilled trades apprenticeship credit
19 under s. 71.07 (5d).

20 **SECTION 20.** 71.10 (4) (k) of the statutes is created to read:

21 71.10 (4) (k) Productivity enhancement training credit under s. 71.07 (5v).

22 **SECTION 21.** 71.21 (4) of the statutes, as affected by 2001 Wisconsin Act 16, is
23 amended to read:

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1. 71.21 (4) Credits computed by a partnership under s. 71.07 (2dd), (2de), (2di),
2 (2dj), (2dL), (2dm), (2ds), (2dx), (3g), and (3s), (sd), (5r), and (5v) and passed through
3 to partners shall be added to the partnership's income.

4 **SECTION 22.** 71.26 (2) (a) of the statutes, as affected by 2001 Wisconsin Act 16,
5 is amended to read:

6 71.26 (2) (a) *Corporations in general.* The "net income" of a corporation means
7 the gross income as computed under the Internal Revenue Code as modified under
8 sub. (3) minus the amount of recapture under s. 71.28 (1di) plus the amount of credit
9 computed under s. 71.28 (1), (3), (4), (5), plus the amount of the credit computed
10 under s. 71.28 (1dd), (1de), (1di), (1dj), (1dL), (1dm), (1ds), ~~and (3g) (1dx), (3g), (5d),~~
11 (5r), and (5v) and not passed through by a partnership, limited liability company, or
12 tax-option corporation that has added that amount to the partnership's, limited
13 liability company's, or tax-option corporation's income under s. 71.21 (4) or 71.34 (1)
14 (g) plus the amount of losses from the sale or other disposition of assets the gain from
15 which would be wholly exempt income, as defined in sub. (3) (L), if the assets were
16 sold or otherwise disposed of at a gain and minus deductions, as computed under the
17 Internal Revenue Code as modified under sub. (3), plus or minus, as appropriate, an
18 amount equal to the difference between the federal basis and Wisconsin basis of any
19 asset sold, exchanged, abandoned, or otherwise disposed of in a taxable transaction
20 during the taxable year, except as provided in par. (b) and s. 71.45 (2) and (5).

21 **SECTION 23.** 71.28 (1dx) (b) 1. of the statutes is amended to read:

22 71.28 (1dx) (b) 1. Fifty percent of the amount expended by the person for
23 environmental remediation in a development zone.

24 **SECTION 24.** 71.28 (1dx) (b) 1m. of the statutes is created to read:

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1 71.28 (1dx) (b) 1m. Fifty percent of the amount expended by a municipality, as
2 defined in s. 292.01 (11), or an organization that is exempt from federal income
3 taxation under section 501 (c) (3) of the Internal Revenue Code for environmental
4 remediation in a development zone, if the municipality or organization has entered
5 into an exclusive written agreement with the person claiming the credit that
6 approves of the person claiming the credit based on the expenditures of the
7 municipality or organization. The department shall promulgate rules to implement
8 this subdivision.

9 **SECTION 25.** 71.28 (1dx) (f) of the statutes is created to read:

10 71.28 (1dx) (f) *Transfer of credits.* Any person who is eligible to claim a credit
11 under par. (b) 1. may transfer the right to claim the credit under par. (b) 1. to any
12 other person who is subject to taxation under this subchapter. The department shall
13 promulgate rules to implement this paragraph.

14 **SECTION 26.** 71.28 (5d) of the statutes is created to read:

15 71.28 (5d) **INDUSTRIAL, SERVICE, AND SKILLED TRADES APPRENTICESHIP CREDIT.** (a)
16 In this subsection:

17 1. “Apprentice” means a person who participates in a 2-year to 5-year
18 apprenticeship program, as determined and approved by the department, in which
19 the person receives instruction leading to qualification as a skilled journeyman in
20 any industrial manufacturing trade or private sector service occupation or receives
21 instruction in the construction trades leading to qualification as a skilled
22 journeyman carpenter, including a floor coverer, millwright, or pile driver; laborer;
23 ironworker; or painter, including a taper.

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

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1- 3. "Department" means the department of workforce development.

2 (b) Subject to the limitations provided in this subsection, for taxable years
3 beginning after December 31, 2001, a claimant may claim as a credit against the
4 taxes imposed under s. 71.23 an amount that is equal to 5% of the wages that the
5 claimant paid to an apprentice in the taxable year, but not to exceed \$1,400, except
6 that a claimant may claim as a credit against the taxes imposed under s. 71.23 an
7 amount that is equal to 8% of the wages that the claimant paid to an apprentice in
8 the taxable year in which the apprentice completes an apprenticeship program, but
9 not to exceed \$3,000.

10 (c) No claimant may receive a credit under this subsection unless the claimant
11 enters into an agreement with the department permitting the department to post on
12 the department's Internet site the claimant's name and address and the number of
13 apprentices and journeymen employed by the claimant during the calendar year.

14 (d) This subsection does not apply to taxable years that begin after December
15 31, 2004, if the number of employers training apprentices in department-approved
16 programs does not increase by more than 40% from January 1, 2002, to December
17 31, 2004, as determined by the department, except that a claimant who has claimed
18 a credit for an apprentice's wages in any taxable year beginning before January 1,
19 2005, may continue to claim a credit for the apprentice's wages in succeeding taxable
20 years, until the apprentice completes the apprenticeship program. As soon as
21 practicable after December 31, 2004, the department shall certify to the department
22 of revenue the number of employers training apprentices in approved programs on
23 January 1, 2002, and the number of employers training apprentices in approved
24 programs on December 31, 2004.

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

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

11 (g) Subsection (4) (g) and (h), as it applies to the credit under sub. (4), applies
12 to the credit under this subsection.

13 **SECTION 27.** 71.28 (5r) of the statutes is created to read:

14 **71.28 (5r) EDUCATION CREDIT.** (a) In this subsection:

15 1. "Claimant" means a corporation that files a claim under this subsection.

16 2. "Degree-granting program" means an education program for which an
17 associate, a bachelor's, or a graduate degree is awarded upon successful completion.

18 3. "Family member" has the meaning given in s. 157.061 (7).

19 4. "Managing employee" means an individual who wholly or partially exercises
20 operational or managerial control over, or who directly or indirectly conducts, the
21 operation of the claimant's business.

22 5. "Poverty line" has the meaning given in s. 49.001 (5).

23 6. "Qualified postsecondary institution" means all of the following:

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1- a. A University of Wisconsin System institution, a technical college system
2 institution, or a regionally accredited 4-year nonprofit college or university having
3 its regional headquarters and principal place of business in this state.

4 b. A school approved under s. 45.54, if the school has a physical presence, and
5 the delivery of education occurs, in this state.

6 (b) Subject to the limitations provided in this subsection, for taxable years
7 beginning after December 31, 2001, a claimant may claim as a credit against the tax
8 imposed under s. 71.23 an amount equal to the following:

9 1. Fifty percent of the tuition that the claimant paid or incurred during the
10 taxable year for an individual to participate in an education program of a qualified
11 postsecondary institution, if the individual was enrolled in a degree-granting
12 program.

13 2. Seventy-five percent of the tuition that the claimant paid or incurred during
14 the taxable year for an individual to participate in an education program of a
15 qualified postsecondary institution, if the individual was enrolled in a
16 degree-granting program and if the individual's taxable income in the year prior to
17 commencing participation in the education program in connection with which a
18 credit is claimed is not more than 185% of the poverty line.

19 (c) A claimant may not claim the credit under par. (b) for any tuition amounts
20 that the claimant has excluded under section 127 of the Internal Revenue Code.

21 (d) A claimant may not claim the credit under par. (b) for any tuition amounts
22 that the claimant paid or incurred for a family member of a managing employee
23 unless all of the following apply:

24 1. The family member was employed an average of at least 20 hours a week as
25 an employee of the claimant, or the claimant's business, during the one-year period

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1 prior to commencing participation in the education program in connection with
2 which the claimant claims a credit under par. (b).

3 2. The family member is enrolled in a degree-granting program that is
4 substantially related to the claimant's business.

5 3. The family member is making satisfactory progress towards completing the
6 degree-granting program under subd. 2.

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

9 (f) Partnerships, limited liability companies, and tax-option corporations may
10 not claim the credit under this subsection, but the eligibility for, and the amount of,
11 the credit are based on their payment of tuition under par. (b). A partnership, limited
12 liability company, or tax-option corporation shall compute the amount of credit that
13 each of its partners, members, or shareholders may claim and shall provide that
14 information to each of them. Partners, members of limited liability companies, and
15 shareholders of tax-option corporations may claim the credit in proportion to their
16 ownership interest.

17 (g) Subsection (4) (g) and (h), as it applies to the credit under sub. (4), applies
18 to the credit under this subsection.

19 **SECTION 28.** 71.28 (5v) of the statutes is created to read:

20 71.28 (5v) PRODUCTIVITY ENHANCEMENT TRAINING CREDIT. (a) In this subsection,
21 "productivity enhancement training expenses" has the meaning given in s. 560.157
22 (1).

23 (b) Subject to the limitations provided in this subsection, for taxable years
24 beginning after December 31, 2000, any corporation may claim as a credit against
25 taxes otherwise due under s. 71.23 an amount that is equal to 100% of the amount

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1 of the corporation's productivity enhancement training expenses certified by the
2 department of commerce under s. 560.157 in the taxable year for which the expenses
3 are certified, but that is not to exceed \$7,500.

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

6 (d) A corporation may not claim the credit under par. (b) for any productivity
7 enhancement training expenses that the corporation deducted from gross income for
8 Wisconsin income tax or franchise tax purposes under section 162 of the Internal
9 Revenue Code.

10 (e) Partnerships, limited liability companies, and tax-option corporations may
11 not claim the credit under this subsection, but the eligibility for, and the amount of,
12 the credit are based on their productivity enhancement training expenses certified
13 under s. 560.157. A partnership, limited liability company or tax-option corporation
14 shall compute the amount of credit that each of its partners, members, or
15 shareholders may claim and shall provide that information to each of them.
16 Partners, members of limited liability companies, and shareholders of tax-option
17 corporations may claim the credit in proportion to their ownership interest.

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

20 (g) No credit may be claimed under this subsection for taxable years beginning
21 after December 31, 2009. Credits claimed under this subsection for taxable years
22 beginning before January 1, 2010, may be carried forward to taxable years beginning
23 after December 31, 2009, as provided under sub. (4) (f).

24 **SECTION 29.** 71.30 (3) (dg) of the statutes is created to read:

25 71.30 (3) (dg) The education credit under s. 71.28 (5r).

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1 **SECTION 30.** 71.30 (3) (dm) of the statutes is created to read:

2 71.30 (3) (dm) The industrial, service, and skilled trades apprenticeship credit
3 under s. 71.28 (5d).

4 **SECTION 31.** 71.30 (3) (g) of the statutes is created to read:

5 71.30 (3) (g) Productivity enhancement training credit under s. 71.28 (5v).

6 **SECTION 32.** 71.34 (1) (g) of the statutes, as affected by 2001 Wisconsin Act 16,
7 is amended to read:

8 71.34 (1) (g) An addition shall be made for credits computed by a tax-option
9 corporation under s. 71.28 (1dd), (1de), (1di), (1dj), (1dL), (1dm), (1ds), (1dx), (3), and
10 (3g), (5d), (5r), and (5v) and passed through to shareholders.

11 **SECTION 33.** 71.45 (2) (a) 10. of the statutes is amended to read:

12 71.45 (2) (a) 10. By adding to federal taxable income the amount of credit
13 computed under s. 71.47 (1dd) to (1dx), (5d), (5r), and (5v) and not passed through
14 by a partnership, limited liability company or tax-option corporation that has added
15 that amount to the partnership's, limited liability company's, or tax-option
16 corporation's income under s. 71.21 (4) or 71.34 (1) (g) and the amount of credit
17 computed under s. 71.47 (1), (3), (4), and (5).

18 **SECTION 34.** 71.47 (5d) of the statutes is created to read:

19 71.47 (5d) INDUSTRIAL, SERVICE, AND SKILLED TRADES APPRENTICESHIP CREDIT. (a)
20 In this subsection:

21 1. "Apprentice" means a person who participates in a 2-year to 5-year
22 apprenticeship program, as determined and approved by the department, in which
23 the person receives instruction leading to qualification as a skilled journeyman in
24 any industrial manufacturing trade or private sector service occupation or receives
25 instruction in the construction trades leading to qualification as a skilled

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1 journeyman carpenter, including a floor coverer, millwright, or pile driver; laborer;
2 ironworker; or painter, including a taper.

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

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

6 (b) Subject to the limitations provided in this subsection, for taxable years
7 beginning after December 31, 2001, a claimant may claim as a credit against the
8 taxes imposed under s. 71.43 an amount that is equal to 5% of the wages that the
9 claimant paid to an apprentice in the taxable year, but not to exceed \$1,400, except
10 that a claimant may claim as a credit against the taxes imposed under s. 71.43 an
11 amount that is equal to 8% of the wages that the claimant paid to an apprentice in
12 the taxable year in which the apprentice completes an apprenticeship program, but
13 not to exceed \$3,000.

14 (c) No claimant may receive a credit under this subsection unless the claimant
15 enters into an agreement with the department permitting the department to post on
16 the department's Internet site the claimant's name and address and the number of
17 apprentices and journeymen employed by the claimant during the calendar year.

18 (d) This subsection does not apply to taxable years that begin after December
19 31, 2004, if the number of employers training apprentices in department-approved
20 programs does not increase by more than 40% from January 1, 2002, to December
21 31, 2004, as determined by the department, except that a claimant who has claimed
22 a credit for an apprentice's wages in any taxable year beginning before January 1,
23 2005, may continue to claim a credit for the apprentice's wages in succeeding taxable
24 years, until the apprentice completes the apprenticeship program. As soon as
25 practicable after December 31, 2004, the department shall certify to the department

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1 of revenue the number of employers training apprentices in approved programs on
2 January 1, 2002, and the number of employers training apprentices in approved
3 programs on December 31, 2004.

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

6 (f) 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 payment of wages under par. (b). A partnership, limited
9 liability company, or tax-option corporation shall compute the amount of credit that
10 each of its partners, members, or shareholders may claim and shall provide that
11 information to each of them. Partners, members of limited liability companies, and
12 shareholders of tax-option corporations may claim the credit in proportion to their
13 ownership interests.

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

16 **SECTION 35.** 71.47 (5r) of the statutes is created to read:

17 **71.47 (5r) EDUCATION CREDIT.** (a) In this subsection:

- 18 1. "Claimant" means a corporation that files a claim under this subsection.
- 19 2. "Degree-granting program" means an educational program for which an
20 associate, a bachelor's, or a graduate degree is awarded upon successful completion.
- 21 3. "Family member" has the meaning given in s. 157.061 (7).
- 22 4. "Managing employee" means an individual who wholly or partially exercises
23 operational or managerial control over, or who directly or indirectly conducts, the
24 operation of the claimant's business.
- 25 5. "Poverty line" has the meaning given in s. 49.001 (5).

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1 6. "Qualified postsecondary institution" means all of the following:

2 a. A University of Wisconsin System institution, a technical college system
3 institution, or a regionally accredited 4-year nonprofit college or university having
4 its regional headquarters and principal place of business in this state.

5 b. A school approved under s. 45.54, if the school has a physical presence, and
6 the delivery of education occurs, in this state.

7 (b) Subject to the limitations provided in this subsection, for taxable years
8 beginning after December 31, 2001, a claimant may claim as a credit against the tax
9 imposed under s. 71.43 an amount equal to the following:

10 1. Fifty percent of the tuition that the claimant paid or incurred during the
11 taxable year for an individual to participate in an education program of a qualified
12 postsecondary institution, if the individual was enrolled in a degree-granting
13 program.

14 2. Seventy-five percent of the tuition that the claimant paid or incurred during
15 the taxable year for an individual to participate in an education program of a
16 qualified postsecondary institution, if the individual was enrolled in a
17 degree-granting program and if the individual's taxable income in the year prior to
18 commencing participation in the education program in connection with which a
19 credit is claimed is not more than 185% of the poverty line.

20 (c) A claimant may not claim the credit under par. (b) for any tuition amounts
21 that the claimant excluded under section 127 of the Internal Revenue Code.

22 (d) A claimant may not claim the credit under par. (b) for any tuition amounts
23 that the claimant paid or incurred for a family member of a managing employee
24 unless all of the following apply:

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1 1. The family member was employed an average of at least 20 hours a week as
2 an employee of the claimant, or the claimant's business, during the one-year period
3 prior to commencing participation in the education program in connection with
4 which the claimant claims a credit under par. (b).

5 2. The family member is enrolled in a degree-granting program that is
6 substantially related to the claimant's business.

7 3. The family member is making satisfactory progress towards completing the
8 degree-granting program under subd. 2.

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

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

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

21 **SECTION 36.** 71.47 (5v) of the statutes is created to read:

22 71.47 (5v) PRODUCTIVITY ENHANCEMENT TRAINING CREDIT. (a) In this subsection,
23 "productivity enhancement training expenses" has the meaning given in s. 560.157
24 (1).

BILL

1 (b) Subject to the limitations provided in this subsection, for taxable years
2 beginning after December 31, 2000, any corporation may claim as a credit against
3 taxes otherwise due under s. 71.43 an amount that is equal to 100% of the amount
4 of the corporation's productivity enhancement training expenses certified by the
5 department of commerce under s. 560.157 in the taxable year for which the expenses
6 are certified, but not to exceed \$7,500.

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

9 (d) A corporation may not claim the credit under par. (b) for any productivity
10 enhancement training expenses that the corporation deducted from gross income for
11 Wisconsin income tax or franchise tax purposes under section 162 of the Internal
12 Revenue Code.

13 (e) Partnerships, limited liability companies, and tax-option corporations may
14 not claim the credit under this subsection, but the eligibility for, and the amount of,
15 the credit are based on their productivity enhancement training expenses certified
16 under s. 560.157. A partnership, limited liability company, or tax-option corporation
17 shall compute the amount of credit that each of its partners, members, or
18 shareholders may claim and shall provide that information to each of them.
19 Partners, members of limited liability companies, and shareholders of tax-option
20 corporations may claim the credit in proportion to their ownership interest.

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

23 (g) No credit may be claimed under this subsection for taxable years beginning
24 after December 31, 2009. Credits claimed under this subsection for taxable years

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1 beginning before January 1, 2010, may be carried forward to taxable years beginning
2 after December 31, 2009 as provided under s. 71.28 (4) (f).

3 **SECTION 37.** 71.49 (1) (dg) of the statutes is created to read:

4 71.49 (1) (dg) Education credit under s. 71.47 (5r).

5 **SECTION 38.** 71.49 (1) (dm) of the statutes is created to read:

6 71.49 (1) (dm) Industrial, service, and skilled trades apprenticeship credit
7 under s. 71.47 (5d).

8 **SECTION 39.** 71.49 (1) (g) of the statutes is created to read:

9 71.49 (1) (g) Productivity enhancement training credit under s. 71.47 (5v).

10 **SECTION 40.** 77.92 (4) of the statutes, as affected by 2001 Wisconsin Act 16, is
11 amended to read:

12 77.92 (4) “Net business income”, with respect to a partnership, means taxable
13 income as calculated under section 703 of the Internal Revenue Code; plus the items
14 of income and gain under section 702 of the Internal Revenue Code, including taxable
15 state and municipal bond interest and excluding nontaxable interest income or
16 dividend income from federal government obligations; minus the items of loss and
17 deduction under section 702 of the Internal Revenue Code, except items that are not
18 deductible under s. 71.21; plus guaranteed payments to partners under section 707
19 (c) of the Internal Revenue Code; plus the credits claimed under s. 71.07 (2dd), (2de),
20 (2di), (2dj), (2dL), (2dm), (2dr), (2ds), (2dx), and (3g), and (3s), ~~(5d), (5r), and (5v)~~; and
21 plus or minus, as appropriate, transitional adjustments, depreciation differences,
22 and basis differences under s. 71.05 (13), (15), (16), (17), and (19); but excluding
23 income, gain, loss, and deductions from farming. “Net business income”, with respect
24 to a natural person, estate, or trust, means profit from a trade or business for federal

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1 income tax purposes and includes net income derived as an employe as defined in
2 section 3121 (d) (3) of the Internal Revenue Code.

3 **SECTION 41.** 106.01 (11) of the statutes, as created by 2001 Wisconsin Act 16,
4 is amended to read:

5 106.01 (11) From the appropriation under s. 20.445 (1) (kt), the department
6 shall provide a trade masters pilot program to recognize advanced training and
7 postapprenticeship achievements in 3 trades, crafts, or businesses, one of which
8 shall be in the industrial sector, one in the construction sector, and one in the service
9 sector of the economy. In selecting the trades, crafts, or businesses to be included in
10 the program, the department shall seek to maximize participation in the program of
11 persons who are minority group members, as defined in s. 560.036 (1) (f). By July
12 1, 2004, the department shall submit to the legislature under s. 13.172 (2) an
13 evaluation of the effectiveness of the program.

14 **SECTION 42.** 106.01 (12) of the statutes is created to read:

15 106.01 (12) From the appropriations under s. 20.445 (1) (a) and (g), the
16 department shall allocate \$150,000 in each fiscal year for apprenticeship marketing
17 activities, including the development and distribution of promotional materials
18 directed at encouraging employers to hire apprentices, educating high school career
19 counselors on careers available in the skilled trades, encouraging the youth of this
20 state to consider a career in the skilled trades, and otherwise promoting the
21 availability and benefits of careers in the skilled trades. The department shall solicit
22 contributions from private sources to assist in the provision of those promotional
23 materials and shall credit any contributions received to the appropriation account
24 under s. 20.445 (1) (g). The department shall seek the advice of and consult with the

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1 apprenticeship marketing council regarding the administration of the
2 apprenticeship marketing activities provided under this subsection.

3 **SECTION 43.** 106.01 (13) of the statutes is created to read:

4 106.01 (13) (a) In this subsection, “industrial, service, or skilled trades
5 apprenticeship program” means a 2-year to 5-year apprenticeship program, as
6 determined and approved by the department, in which an apprentice receives
7 instruction leading to qualification as a skilled journeyman in any industrial
8 manufacturing trade or private sector service occupation or receives instruction in
9 the construction trades leading to qualification as a skilled journeyman carpenter,
10 including a floor coverer, millwright, or pile driver; laborer; ironworker; or painter,
11 including a taper.

12 (b) From the appropriation under s. 20.445 (1) (a), the department shall
13 allocate \$300,000 in each fiscal year to contract with an organization to provide
14 preapprenticeship basic skills training grants of up to \$500 to persons who are
15 eligible under this paragraph to receive those grants. A person is eligible to receive
16 a grant under this paragraph if the person’s family income does not exceed 165% of
17 the poverty line for the continental United States, as revised annually by the federal
18 department of health and human services under 42 USC 9902 (2), and if the person
19 has previously failed a test for placement in an industrial, service, or skilled trades
20 apprenticeship program, but wishes to participate in such a program. A person who
21 receives a grant under this paragraph may use the grant moneys received to pay for
22 the costs of tuition, fees, books, supplies, and materials, and for any other direct
23 training costs, required to attend a preapprenticeship basic skills training program
24 provided by an organization, a technical college, or a school approved by the
25 educational approval board under s. 45.54.

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1 **SECTION 44.** 106.175 of the statutes is created to read:

2 **106.175 Labor day report.** By September 1 of each year the department shall
3 prepare and submit to the appropriate standing committees of the legislature under
4 s. 13.172 (3) a report on the labor supply in this state. The report shall describe any
5 critical labor shortage areas identified by the department by occupation, region,
6 gender, and race. The report shall also recommend potential solutions for those
7 critical labor shortages. The department shall also provide the report to the local
8 workforce development boards established under 29 USC 2832 throughout the state
9 and to the other appropriate organizations as determined by the department.

10 **SECTION 45.** 106.18 of the statutes is created to read:

11 **106.18 Job skills training reports.** The department shall collect
12 information concerning the availability of basic job skills training programs in the
13 state and periodically prepare reports identifying those programs for distribution to
14 local workforce development boards established under 29 USC 2832, job centers, and
15 other appropriate organizations as determined by the department. To the extent
16 practicable, the reports shall identify available training programs by region of the
17 state.

18 **SECTION 46.** 106.28 of the statutes is created to read:

19 **106.28 Workplace diversity grant program.** (1) The department shall
20 administer a grant program under which local, nonprofit organizations that offer
21 diversity training, basic employment skills development, or instruction in English
22 as a 2nd language to employees and persons seeking employment may receive grants
23 for the operation of those activities.

24 (2) A local, nonprofit organization is qualified for a grant under this section if
25 any of the following applies:

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1 (a) The governing body of the local, nonprofit organization is comprised of
2 representatives of private sector employers and local governmental units or
3 agencies, and the local, nonprofit organization assists local employees in meeting
4 their workforce needs.

5 (b) The local, nonprofit organization assists persons who have been convicted
6 of a crime, whether employed or not, in strengthening or developing their
7 employment skills and in making or easing their transition from incarceration to
8 work.

9 (c) The local, nonprofit organization assists any of the following persons,
10 whether employed or not, in preparing for or gaining entry into the skilled trades:

11 1. Persons who are eligible for benefits under the Wisconsin works program
12 under ss. 49.141 to 49.161.

13 2. Persons who are military veterans.

14 3. Persons who have been convicted of a crime.

15 4. Persons who are eligible for food stamps under s. 49.124.

16 5. Persons who are minority group members, as defined in s. 560.036 (1) (f).

17 (3) To the extent practicable, the department shall ensure that the grants
18 under this section are awarded to local, nonprofit organizations from different
19 geographic regions of the state.

20 (4) To qualify for an initial grant under this section, a local, nonprofit
21 organization must apply to the department by December 1, 2001. The application
22 shall describe how the organization qualifies for a grant under subs. (1) and (2) and
23 how the organization will use the grant.

24 (5) The department shall promulgate emergency rules under s. 227.24 to
25 establish criteria to be used in determining which qualified local, nonprofit

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1 organizations are eligible for grants under this section. Notwithstanding s. 227.24
2 (1) (a) and (3), the department is not required to provide evidence that promulgating
3 an emergency rule under this subsection is necessary for the preservation of public
4 peace, health, safety, or welfare, and is not required to provide a finding of emergency
5 for a rule promulgated under this subsection.

6 (6) The department may not expend more than \$30,000 as grants under this
7 section for any given local, nonprofit organization.

8 (7) By January 1, 2002, the department shall begin making the grants under
9 this section from the appropriation under s. 20.445 (1) (d).

10 (8) By September 1, 2002, the department shall report on the grant program
11 under this section, including the uses that the initial grant recipients made of the
12 grants and a recommendation on whether the grant program should be funded in the
13 next biennium and, if so, a recommendation of an appropriate funding level and any
14 changes that should be made to the program. The report shall be submitted to the
15 appropriate standing committees of the legislature under s. 13.172 (3), to the joint
16 committee on finance, and to the governor.

17 **SECTION 47.** 118.115 (2) of the statutes is created to read:

18 118.115 (2) Each school board shall establish a written policy regarding the use
19 of classrooms and facilities by local organizations and businesses for
20 employment-related training. The policy may condition access on payment of a
21 reasonable fee, the availability of space, and the appropriateness of the training. The
22 policy may limit access to activities that are consistent with the mission of the school
23 district.

24 **SECTION 48.** 119.04 (1) of the statutes is amended to read:

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1 119.04 (1) Subchapters IV, V and VII of ch. 115, ch. 121 and ss. 66.0235 (3) (c),
2 115.01 (1) and (2), 115.28, 115.31, 115.33, 115.34, 115.343, 115.345, 115.361, 115.38
3 (2), 115.45, 118.001 to 118.04, 118.045, 118.06, 118.07, 118.10, 118.115, 118.12,
4 118.125 to 118.14, 118.145 (4), 118.15, 118.153, 118.16, 118.162, 118.163, 118.164,
5 118.18, 118.19, 118.20, 118.24 (1), (2) (c) to (f), (6) and (8), 118.245, 118.255, 118.258,
6 118.291, 118.30 to 118.43, 118.51, 118.52, 118.55, 120.12 (5) and (15) to (26), 120.125,
7 120.13 (1), (2) (b) to (g), (3), (14), ~~(17) to (18)~~, (19), (26), (34), (35) and (37), 120.14 and
8 120.25 are applicable to a 1st class city school district and board.

9 **SECTION 49.** 119.70 (5) of the statutes is amended to read:

10 119.70 (5) Nothing in this section prohibits the board from granting the use of
11 school property to religious organizations under s. ~~120.13 (17)~~ 118.115.

12 **SECTION 50.** 120.13 (17) (title) of the statutes is renumbered 118.115 (title).

13 **SECTION 51.** 120.13 (17) of the statutes is renumbered 118.115 (1) and amended
14 to read:

15 118.115 (1) ~~Grant~~ The school board may grant the temporary use of school
16 grounds, buildings, facilities, or equipment, upon such conditions, including fees not
17 to exceed actual costs, as determined by the school board, to any responsible person
18 for any lawful nonschool purpose if such use does not interfere with use for school
19 purposes or school-related functions. Fees received under this subsection shall be
20 paid into the school district treasury and accounted for as prescribed under s. 115.28
21 (13). The user shall be primarily liable, and the school board secondarily liable, for
22 any damage to property and for any expense incurred in consequence of any use of
23 school grounds, buildings, facilities, or equipment under this subsection.

24 **SECTION 52.** 343.10 (1) (a) of the statutes is amended to read:

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1 343.10 (1) (a) If a person's license or operating privilege is revoked or
2 suspended under this chapter or s. 767.303 or 961.50, or if the person's operating
3 privilege was suspended for failing to pay a forfeiture imposed for violating an
4 ordinance unrelated to the person's operation of a motor vehicle under s. 345.47 (1)
5 (b), 800.09 (1) (c), 800.095 (4) (b) 4., 938.17 (2) (d), 938.34 (8), or 938.343 (2), and if
6 the person is engaged in an occupation, including homemaking or full-time or
7 part-time study, or a trade making it essential that he or she operate a motor vehicle,
8 the person, after payment of the fee provided in sub. (6), may file an application with
9 the department setting forth in detail the need for operating a motor vehicle. No
10 person may file more than one application with respect to each revocation or
11 suspension of the person's license or operating privilege under this chapter or s.
12 767.303 or 961.50, except that this limitation does not apply to an application to
13 amend an occupational license restriction.

14 **SECTION 53.** 343.10 (6) of the statutes is renumbered 343.10 (6) (a) and
15 amended to read:

16 343.10 (6) (a) ~~No~~ Except as provided in par. (b), no person may file an
17 application for an occupational license under sub. (1) unless he or she first pays a fee
18 of \$40 to the department.

19 **SECTION 54.** 343.10 (6) (b) of the statutes is created to read:

20 343.10 (6) (b) A person whose operating privilege was suspended solely for
21 failing to pay a forfeiture imposed for violating an ordinance unrelated to the person's
22 operation of a motor vehicle under s. 345.47 (1) (b), 800.09 (1) (c), 800.095 (4) (b) 4.,
23 938.17 (2) (d), 938.34 (8), or 938.343 (2) may not file an application for an
24 occupational license under sub. (1) unless he or she first pays a fee of \$10 to the
25 department.

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1 **SECTION 55.** 560.157 of the statutes is created to read:

2 **560.157 Productivity enhancement training expense certification. (1)**

3 **DEFINITION.** In this section, "productivity enhancement training expenses" means
4 expenses incurred by a business in providing training designed to increase the
5 productivity of the business's employees and to promote or create jobs that require
6 high degrees of skill to perform and that pay high wages. "Productivity enhancement
7 training expenses" includes up to \$2,000 in expenses incurred for needs assessment
8 and consultation under sub. (4) (b).

9 **(2) PROGRAM.** The department shall develop, implement, and administer a
10 productivity enhancement training expense certification program to assist
11 businesses in providing training to their employees that is designed to improve the
12 employees' productivity and to promote, and provide workers for, jobs within the
13 businesses that require high degrees of skill to perform and that pay high wages.

14 **(3) CERTIFICATION.** The department shall certify the productivity enhancement
15 training expenses of a business for the tax credit under s. 71.07 (5v), 71.28 (5v), or
16 71.47 (5v), if the business meets the eligibility requirements under sub. (4).

17 **(4) ELIGIBILITY.** A business is eligible to have its productivity enhancement
18 training expenses certified if all of the following apply:

19 (a) The business submits to the department a productivity enhancement
20 training plan that the department finds does all of the following:

21 1. Provides for training of the business's employees that will increase the
22 employees' productivity to achieve specific goals established as a result of the
23 assessment and consultation under par. (b).

24 2. Provides for training of the business's employees that will result in the
25 employees holding jobs within the business that require higher degrees of skill and

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1 that pay higher wages than their current jobs, as determined by the assessment and
2 consultation under par. (b).

3 (b) Prior to providing any productivity enhancement training, the business
4 receives needs assessment and consultation from an entity that is experienced in
5 providing productivity assessment or business planning and that is approved by the
6 department.

7 (c) Through the needs assessment and consultation under par. (b), the business
8 and the entity agree on a training plan that is appropriate for the purposes specified
9 under par. (a).

10 (d) The business submits to the department an accounting of the productivity
11 enhancement training expenses incurred by the business under the plan under par.
12 (a) and the department determines that the expenses were incurred under the plan.

13 **(5) REPORTING.** (a) Each business that has its productivity enhancement
14 training expenses certified under this section and that claims the tax credit under
15 s. 71.07 (5v), 71.28 (5v), or 71.47 (5v), shall report to the department, no later March
16 1 of the year after the business receives the certification, on the results of its
17 productivity enhancement training and on its success in meeting the goals
18 established in its productivity enhancement training plan. The report shall be in the
19 form prescribed by the department.

20 (b) Annually, the department shall estimate the amount of foregone state
21 revenue because of the tax credits claimed by persons certified under this section.

22 (c) Annually by December 1, the department shall report to the legislature
23 under s. 13.172 (2) on the effectiveness of the productivity enhancement training
24 certification program and the tax credits under ss. 71.07 (5v), 71.28 (5v), and 71.47
25 (5v) in meeting the purposes of the program as specified in sub. (2).

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1 (6) APPLICATION. The department shall, by rule, develop application procedures
2 for productivity enhancement training certification. The application for certification
3 shall show that the applicant satisfies the requirements under sub. (4) and commits
4 to reporting under sub. (5) (a).

5 (7) NOTIFICATION. The department shall notify the department of revenue of all
6 businesses that are entitled to claim tax credits under ss. 71.07 (5v), 71.28 (5v), and
7 71.47 (5v).

8 (8) TRANSFERABILITY. The tax credits for which a business may have its
9 productivity enhancement training expenses certified under this section are not
10 transferable to another business or person.

11 (9) SUNSET. No business may be certified under this section after December 31,
12 2009, or for tax credits for any tax year beginning after December 31, 2009.

13 **SECTION 56.** 560.797 (4) (f) of the statutes is amended to read:

14 560.797 (4) (f) The tax benefits for which a person is certified as eligible under
15 this subsection are not transferable to another person, business, or location, except
16 as provided in s. 71.28 (1dx) (f) or to the extent permitted under section 383 of the
17 internal revenue code.

18 **SECTION 57. Nonstatutory provisions; corrections.**

19 (1) REPORT ON TREATMENT PROGRAMS FOR PRISONERS. By March 15, 2002, the
20 department of corrections shall study and report on the availability and effectiveness
21 of programs that provide prisoners with treatment for drug and alcohol abuse,
22 instruction in basic skills such as reading and math, and training in job skills. The
23 report shall include an analysis of the racial composition of the enrollment in those
24 programs compared to the racial composition of the prison population as a whole.
25 The report shall also include recommendations for establishing new programs that

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1 would better prepare prisoners to enter the workforce and suggestions about how
2 current programs could be improved. The report shall be submitted to the
3 appropriate standing committees of the legislature in the manner provided in section
4 13.172 (3) of the statutes, to the joint committee on finance, and to the governor.

SECTION 58. Nonstatutory provisions; higher educational aids board.

5
6 (1) REPORT ON STUDENT LOAN FORGIVENESS TO ATTRACT WORKERS. By January 1,
7 2002, the higher educational aids board shall study and report to the legislature and
8 to the appropriate standing committees of the legislature, in the manner provided
9 under section 13.172 (2) and (3) of the statutes, and to the governor on the cost,
10 desirability, and effectiveness of creating a general program of student loan
11 forgiveness for attracting workers to and retaining workers in this state. The report
12 shall include legislative recommendations.

SECTION 59. Nonstatutory provisions; revenue.

13
14 (1) REPORT ON TAX INCENTIVES. The department of revenue, in cooperation with
15 the department of workforce development, shall by January 1, 2002, study and
16 report on existing incentives in the income tax code in the form of credits and
17 deductions available to employers for providing training to employees, for offering
18 transportation and child care benefits to employees, for locating places of
19 employment in areas of high unemployment and for employing ex-felons, recipients
20 of public assistance, and minorities. The report shall include an analysis of the costs
21 and effects of such credits and deductions, an analysis of such benefits offered by
22 other states, and recommendations for improvements to the state's tax laws designed
23 to help attract, develop, and retain a highly skilled, highly trained workforce while
24 maintaining a sound, stable tax base. In developing recommendations, the
25 department of revenue shall consult with groups representing the interests of

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1 employers, employees, taxpayers, and any other groups that the department of
2 revenue considers appropriate. The report shall be submitted to the appropriate
3 standing committees of the legislature, the joint committee on finance, and the
4 governor.

SECTION 60. Nonstatutory provisions; workforce development.

5
6 (1) APPRENTICESHIP MARKETING COUNCIL; INITIAL TERMS. Notwithstanding the
7 length of terms specified for the members of the apprenticeship marketing council
8 under section 15.227 (14) of the statutes, as created by this act, representing the
9 interests of employees and the members of that council representing the interests of
10 employers, the initial members of that council representing the interests of
11 employees and the initial members of that council representing the interests of
12 employers shall be appointed for the following terms:

13 (a) One member representing employees and one member representing
14 employers, for terms expiring on July 1, 2001.

15 (b) One member representing employees and one member representing
16 employers, for terms expiring on July 1, 2002.

17 (c) Two members representing employees and 2 members representing
18 employers, for terms expiring on July 1, 2003.

SECTION 61. Appropriation changes.

19
20 (1) JOB RETENTION SKILLS DEVELOPMENT PROGRAMS. There is transferred from the
21 appropriation to the department of workforce development under section 20.445 (3)
22 (md) of the statutes, as affected by the acts of 2001, to the appropriation to the
23 technical college system college board under section 20.292 (1) (kd) of the statutes,
24 as created by this act, \$200,000 in fiscal year 2001-02.

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1 (2) PREAPPRENTICESHIP BASIC SKILLS TRAINING GRANTS. In the schedule under
2 section 20.005 (3) of the statutes for the appropriation to the department of workforce
3 development under section 20.445 (1) (a) of the statutes, as affected by the acts of
4 2001, the dollar amount is increased by \$300,000 for fiscal year 2001-02 and the
5 dollar amount is increased by \$300,000 for fiscal year 2002-03 to increase funding
6 for preapprenticeship basic skills training grants under section 106.01 (13) (b) of the
7 statutes, as created by this act.

8 (3) APPRENTICESHIP MARKETING ACTIVITIES. In the schedule under section 20.005
9 (3) of the statutes for the appropriation to the department of workforce development
10 under section 20.445 (1) (a) of the statutes, as affected by the acts of 2001, the dollar
11 amount is increased by \$150,000 for fiscal year 2001-02 and the dollar amount is
12 increased by \$150,000 for fiscal year 2002-03 to increase funding for the
13 apprenticeship marketing activities specified under section 106.01 (12) of the
14 statutes, as created by this act.

15 (4) APPRENTICESHIP MARKETING POSITIONS. In the schedule under section 20.005
16 (3) of the statutes for the appropriation to the department of workforce development
17 under section 20.445 (1) (a) of the statutes, as affected by the acts of 2001, the dollar
18 amount is increased by \$125,000 for fiscal year 2001-02 and the dollar amount is
19 increased by \$125,000 for fiscal year 2002-03 to increase the authorized FTE
20 positions for the department by 2.0 GPR positions for the marketing of
21 apprenticeship training in this state.

22 (5) INTERNET POSTING OF EMPLOYERS PROVIDING APPRENTICESHIP TRAINING. In the
23 schedule under section 20.005 (3) of the statutes for the appropriation to the
24 department of workforce development under section 20.445 (1) (a) of the statutes, as
25 affected by the acts of 2001, the dollar amount is increased by \$10,000 for fiscal year

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1 2001-02 and the dollar amount is increased by \$10,000 for fiscal year 2002-03 to
2 increase funding for the department to post on its Internet site the name and address
3 of, and the numbers of apprentices and journeyman employed by, each person that
4 is claiming an industrial, service, and skilled trades apprenticeship tax credit under
5 section 71.07 (5d), 71.28 (5d), or 71.47 (5d) of the statutes, as created by this act.

6 (6) TRADE MASTERS PILOT PROGRAM. In the schedule under section 20.005 (3) of
7 the statutes for the appropriation to the department of workforce development under
8 section 20.445 (1) (kt) of the statutes, as affected by the acts of 2001, the dollar
9 amount is increased by \$110,000 for fiscal year 2001-02 and the dollar amount is
10 increased by \$120,000 for fiscal year 2002-03 to increase the authorized FTE
11 positions for the department by 1.0 PR-S position for the implementation and
12 development of the trade masters pilot program under section 106.01 (11) of the
13 statutes, as affected by this act.

SECTION 62. Initial applicability.

14 (1) TRANSFER OF ENVIRONMENTAL REMEDIATION TAX CREDITS. The treatment of
15 section 71.28 (1dx) (b) 1. and 1m. and (f) of the statutes first applies to taxable years
16 beginning on January 1, 2001.
17

18 (END)



STEPHEN R. MILLER
CHIEF

State of Wisconsin

LEGISLATIVE REFERENCE BUREAU

100 NORTH HAMILTON STREET
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MADISON, WI 53701-2037

LEGAL SECTION: (608) 266-3561
LEGAL FAX: (608) 264-6948

September 21, 2001

MEMORANDUM

To: Legislative Council - J.C.

From: Gordon M. Malaise, Senior Legislative Attorney

Re: LRB-3844/1 Legislative Council Committee on Labor Shortage recommendations

The attached draft was prepared at your request. Please review it carefully to ensure that it is accurate and satisfies your intent. If it does and you would like it jacketed for introduction, please indicate below for which house you would like the draft jacketed and return this memorandum to our office. If you have any questions about jacketing, please call our program assistants at 266-3561. Please allow one day for jacketing.

JACKET FOR ASSEMBLY JACKET FOR SENATE

If you have any questions concerning the attached draft, or would like to have it redrafted, please contact me at (608) 266-9738 or at the address indicated at the top of this memorandum.

If the last paragraph of the analysis states that a fiscal estimate will be prepared, the LRB will request that it be prepared after the draft is introduced. You may obtain a fiscal estimate on the attached draft before it is introduced by calling our program assistants at 266-3561. Please note that if you have previously requested that a fiscal estimate be prepared on an earlier version of this draft, you will need to call our program assistants in order to obtain a fiscal estimate on this version before it is introduced.

Please call our program assistants at 266-3561 if you have any questions regarding this memorandum.



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STEPHEN R. MILLER
CHIEF

October 9, 2001

MEMORANDUM

To: Terry Anderson

From: Joseph T. Kreye, Legislative Attorney, (608) 266-2263

Gordon M. Malaise, Sr. Legislative Attorney, (608) 266-9738

Peter R. Grant, Assistant Chief Counsel, (608) 267-3362

Madelon Lief, Legislative Attorney, (608) 267-7380

Pamela J. Kahler, Sr. Legislative Attorney, (608) 266-2682

Michael G. Dsida, Legislative Attorney, (608) 266-9867

Subject: Technical Memorandum to **2001 AB 516** (LRB-3844/1)

We received the attached technical memorandum relating to your bill. This copy is for your information and your file. If you wish to discuss this memorandum or the necessity of revising your bill or preparing an amendment, please contact me.

MEMORANDUM

October 9, 2001

TO: Gordon M. Malaise
Joseph Kreye
Peter Grant
Madelon Lief
Pamela Kahler
Ivy Sager-Rosenthal
Michael Dsida
Legislative Reference Bureau

FROM: Brian Pahnke
Department of Revenue

SUBJECT: Technical Memorandum on AB 516: Legislative Council Committee on Labor Shortage Recommendations

The Department has the following comments regarding the bill.

Industrial, Service and Skilled Trades Apprenticeship Credit

The bill provides that a partnership must add the amount of the credit computer under section 71.07(sd) to its income. This is probably meant to be a reference to the credit under 71.07(5d).

To avoid a double tax credit, the author may wish to include language stating that wages which qualify for the apprenticeship credit do not also qualify for the jobs retained or created components of the development zone credits.

The author may wish to clarify that the \$1,400 and \$3,000 credit limits are applicable to each apprentice hired by the employer and not to the employer itself.

The initial applicability date should provide that if the subsection takes effect after July 31, the act first applies to taxable years beginning on January 1 of the year following the year in which the subsection takes effect.

Education Credit

The draft provides that an employer may claim a credit equal to 75% of eligible tuition expenses if the individual's taxable income is not more than 185% of the poverty line. This would force employers to require personal information from employees about their income and their

spouse's income that could create legal and administrative problems for employers to comply with the law.

The draft provides in secs. 71.07(5r)(c), 71.28(5r)(c) and 71.47(5r)(c) that a claimant may not claim the credit "for any tuition amounts that the claimant excluded ... under section 127 of the Internal Revenue Code." Section 127 allows an exclusion from gross income of the employee for amounts paid by the employer for educational assistance; it does not allow an exclusion for the claimant. It should be clarified if this provision is intended to deny a credit to a claimant unless the employee reported the tuition payment as income.

The initial applicability date should provide that if the subsection takes effect after July 31, the act first applies to taxable years beginning on January 1 of the year following the year in which the subsection takes effect.

Productivity Enhancement Training Credit

The draft language does not provide that sole proprietorships may claim the productivity enhancement training expense credit even though the analysis indicates that they may. If it is intended that sole proprietors may claim the credit, then the draft should be amended to include sole proprietors.

The draft should clarify that the maximum productivity enhancement training expense credit is \$7,500 for each partnership, limited liability company or tax option corporation, as is suggested in the analysis, rather than for each partner, member or shareholder.

The draft provides in secs. 71.05(6)(a)15, 71.21(4), 71.26(2)(a), 71.34(1)(g) and 71.45(2)(a)10 that the amount of the productivity enhancement training expense credit be added back to taxable income. The bill also provides in secs. 71.07(5v)(d), 71.28(5v)(d) and 71.47(5v)(d) that partnerships, tax-option corporations, corporations and insurance companies cannot claim the credit for amounts that were deducted from income. It is not necessary to have both of these provisions. Since, credits amounts are generally added back to income in lieu of a deduction for the expenses, the provision that prohibits deducting the expenses should be deleted.

The order of computation in sec. 71.10(4) places the credit after all refundable credits, withholding and estimated tax payments. Nonrefundable credits that can be offset against alternative minimum tax are generally located after sec. 71.07(4)(f) and before sec. 71.07(4)(h); those that cannot be offset against the alternative minimum tax are located before sec. 71.10(4)(f).

The credit applies to tax years beginning after December 31, 2000. The forms for tax year 2001 are completed and it is too late to do the necessary computer programming. The credit should be effective for tax years beginning on or after January 1, 2002, and provide that if the subsection takes effect after July 31, the act first applies to taxable years beginning on January 1 of the year following the year in which the subsection takes effect.

Development Zone Credit Transfer

Allowing any corporation to transfer the right to claim the credit to another person adds potential abuse and complexity to the administration of the law, for the taxpayer and the Department. It also is against the principles of sec. 71.30(2) which seek to avoid income, expense and credit

shifts between affiliated groups so as to properly tax the entity who earns the income. Affiliated corporations who incur expenses in connection with the development zones and who may have operating losses can shift the credits to other affiliated entities without development zone expenses in order to reduce or eliminate overall tax liability.

Similarly, allowing a corporation entitled to claim development zone credits to claim additional credits for expenses incurred by a municipality or tax-exempt organization seems to violate principles of clearly reflecting income under sec. 71.30(2).

The initial applicability date provides that the provisions first apply to taxable years beginning on January 1, 2001. The forms for tax year 2001 are completed and it is too late to do the necessary computer programming. The credit should be effective for tax years beginning on or after January 1, 2002, and provide that if the subsection takes effect after July 31, the act first applies to taxable years beginning on January 1 of the year following the year in which the subsection takes effect.

The proposed legislation makes no provision for the funding of the costs involved in administering the activities required. If the author wishes to provide funding, appropriation language could be developed and costs allocated in the following manner:

	<u>Chapter 20</u>	<u>Amount</u>
one-time	s. 20.566 (1) (a)	\$69,900
annual	s. 20.566 (1) (a)	\$20,800

If you have any questions regarding this technical memorandum, please contact Pam Walgren at 266-7817.

BP: