

**2001 DRAFTING REQUEST**

**Assembly Amendment (AA-AB555)**

Received: 10/15/2001

Received By: jkreye

Wanted: Today

Identical to LRB:

For: Lee Meyerhofer (608) 266-2418

By/Representing:

This file may be shown to any legislator: NO

Drafter: jkreye

May Contact:

Addl. Drafters:

Subject: Tax - corp. inc. and fran.  
Tax Credits - miscellaneous

Extra Copies:

Submit via email: NO

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**Pre Topic:**

No specific pre topic given

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**Topic:**

Apprenticeship tax credit review board

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**Instructions:**

See Attached

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**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>
/1	jkreye 10/15/2001	jdyer 10/15/2001	pgreensl 10/15/2001	_____	lrb_docadmin 10/15/2001	lrb_docadmin 10/15/2001	
	jkreye 10/16/2001	jdyer 10/16/2001		_____			
/2			kfollet 10/16/2001	_____	lrb_docadmin 10/16/2001	lrb_docadmin 10/16/2001	

FE Sent For:

<END>

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/1	jkreye 10/15/2001	jdye 10/15/2001	pgreensl 10/15/2001		lrb_docadmin 10/15/2001	lrb_docadmin 10/15/2001	

Handwritten notes in the table cells:  
 Under Reviewed: 12/16 jld  
 Under Typed: kj  
 Under Proofed: jf/kj  
 Under Submitted: 10/16

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/1	jkreye	1 10/15 jld	10/15 p8	10/15 sdb			

FE Sent For:

<END>

3) Independent app Tax credit Review Bd

members from labor } - 4

employers } - 4

DWD

} - 2 ~~to~~ admin. Bd  
1 admin.

to administer & review program

id problems

prepare periodic report of success &  
problems with the program

may have been in the former bill

## 2001 ASSEMBLY BILL 555

October 10, 2001 - Introduced by LABOR AND WORKFORCE DEVELOPMENT. Referred to Committee on Labor and Workforce Development.

1 AN ACT *to amend* 71.05 (6) (a) 15., 71.21 (4), 71.26 (2) (a), 71.34 (1) (g), 71.45 (2)  
2 (a) 10. and 77.92 (4); and *to create* 71.07 (5d), 71.10 (4) (cp), 71.28 (5d), 71.30  
3 (3) (dm), 71.47 (5d) and 71.49 (1) (dm) of the statutes; **relating to:** an income  
4 tax and franchise tax credit for training apprentices.

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### *Analysis by the Legislative Reference Bureau*

This bill creates an income tax and franchise tax credit for an employer that pays wages to an apprentice who is participating in a two-year to five-year apprenticeship program in which the apprentice is receiving instruction leading to qualification as a skilled journeyman in any of the five industrial manufacturing trades; any of the five private sector service occupations; or any of the five construction trades; with the most projected job openings for new entrants, as determined by the department of workforce development. The amount of the credit is 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. Generally, no employer may claim the credit for taxable years beginning after December 31, 2004, if the number of employers training apprentices does not increase by more than 40% from January 1, 2002, to December 31, 2004.

**ASSEMBLY BILL 555**

For further information see the *state* fiscal estimate, which will be printed as an appendix to this bill.

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*The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:*

1           **SECTION 1.** 71.05 (6) (a) 15. of the statutes, as affected by 2001 Wisconsin Act  
2 16, is amended to read:

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

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

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

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

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

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

**ASSEMBLY BILL 555**

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) This subsection does not apply to taxable years that begin after December  
10 31, 2004, if the number of employers training apprentices in department–approved  
11 programs does not increase by more than 40% from January 1, 2002, to December  
12 31, 2004, as determined by the department, except that a claimant who has claimed  
13 a credit for an apprentice’s wages in any taxable year beginning before January 1,  
14 2005, may continue to claim a credit for the apprentice’s wages in succeeding taxable  
15 years, until the apprentice completes the apprenticeship program. As soon as  
16 practicable after December 31, 2004, the department shall certify to the department  
17 of revenue the number of employers training apprentices in approved programs on  
18 January 1, 2002, and the number of employers training apprentices in approved  
19 programs on December 31, 2004.

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

22           (e) Partnerships, limited liability companies, and tax–option corporations may  
23 not claim the credit under this subsection, but the eligibility for, and the amount of,  
24 the credit are based on their payment of wages under par. (b). A partnership, limited  
25 liability company, or tax–option corporation shall compute the amount of credit that

**ASSEMBLY BILL 555**

1 each of its partners, members, or shareholders may claim and shall provide that  
2 information to each of them. Partners, members of limited liability companies, and  
3 shareholders of tax-option corporations may claim the credit in proportion to their  
4 ownership interests.

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

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

8 71.10 (4) (cp) Industrial, service, and skilled trades apprenticeship credit  
9 under s. 71.07 (5d).

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

12 71.21 (4) Credits computed by a partnership under s. 71.07 (2dd), (2de), (2di),  
13 (2dj), (2dL), (2dm), (2ds), (2dx), (3g), ~~and (3s)~~, and (5d) and passed through to  
14 partners shall be added to the partnership's income.

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

17 71.26 (2) (a) *Corporations in general.* The "net income" of a corporation means  
18 the gross income as computed under the Internal Revenue Code as modified under  
19 sub. (3) minus the amount of recapture under s. 71.28 (1di) plus the amount of credit  
20 computed under s. 71.28 (1), (3), (4), (5), plus the amount of the credit computed  
21 under s. 71.28 (1dd), (1de), (1di), (1dj), (1dL), (1dm), (1ds), ~~and (3g) (1dx), (3g), and~~  
22 (5d) and not passed through by a partnership, limited liability company, or  
23 tax-option corporation that has added that amount to the partnership's, limited  
24 liability company's, or tax-option corporation's income under s. 71.21 (4) or 71.34 (1)  
25 (g) plus the amount of losses from the sale or other disposition of assets the gain from



**ASSEMBLY BILL 555**

1 which would be wholly exempt income, as defined in sub. (3) (L), if the assets were  
2 sold or otherwise disposed of at a gain and minus deductions, as computed under the  
3 Internal Revenue Code as modified under sub. (3), plus or minus, as appropriate, an  
4 amount equal to the difference between the federal basis and Wisconsin basis of any  
5 asset sold, exchanged, abandoned, or otherwise disposed of in a taxable transaction  
6 during the taxable year, except as provided in par. (b) and s. 71.45 (2) and (5).

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

8 **71.28 (5d) INDUSTRIAL, SERVICE, AND SKILLED TRADES APPRENTICESHIP CREDIT.** (a)

9 In this subsection:

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

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

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

21 (b) Subject to the limitations provided in this subsection, for taxable years  
22 beginning after December 31, 2001, a claimant may claim as a credit against the  
23 taxes imposed under s. 71.23 an amount that is equal to 5% of the wages that the  
24 claimant paid to an apprentice in the taxable year, but not to exceed \$1,400, except  
25 that a claimant may claim as a credit against the taxes imposed under s. 71.23 an

**ASSEMBLY BILL 555**

1 amount that is equal to 8% of the wages that the claimant paid to an apprentice in  
2 the taxable year in which the apprentice completes an apprenticeship program, but  
3 not to exceed \$3,000.

4 (c) This subsection does not apply to taxable years that begin after December  
5 31, 2004, if the number of employers training apprentices in department-approved  
6 programs does not increase by more than 40% from January 1, 2002, to December  
7 31, 2004, as determined by the department, except that a claimant who has claimed  
8 a credit for an apprentice's wages in any taxable year beginning before January 1,  
9 2005, may continue to claim a credit for the apprentice's wages in succeeding taxable  
10 years, until the apprentice completes the apprenticeship program. As soon as  
11 practicable after December 31, 2004, the department shall certify to the department  
12 of revenue the number of employers training apprentices in approved programs on  
13 January 1, 2002, and the number of employers training apprentices in approved  
14 programs on December 31, 2004.

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

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

**ASSEMBLY BILL 555**

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

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

4 71.30 (3) (dm) The industrial, service, and skilled trades apprenticeship credit  
5 under s. 71.28 (5d).

6 **SECTION 8.** 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), and (5d)~~ and passed through to shareholders.

11 **SECTION 9.** 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), ~~and (5d)~~ and not passed through by a  
14 partnership, limited liability company or tax-option corporation that has added that  
15 amount to the partnership's, limited liability company's, or tax-option corporation's  
16 income under s. 71.21 (4) or 71.34 (1) (g) and the amount of credit computed under  
17 s. 71.47 (1), (3), (4), and (5).

18 **SECTION 10.** 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, construction trade, or private sector service  
25 occupation, if the apprenticeship program provides instruction related to any of the

**ASSEMBLY BILL 555**

1 5 manufacturing trades; any of the 5 construction trades; or any of the 5 private  
2 sector service occupations; with the most projected job openings for new entrants, as  
3 determined by the department.

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

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

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  
9 taxes imposed under s. 71.43 an amount that is equal to 5% of the wages that the  
10 claimant paid to an apprentice in the taxable year, but not to exceed \$1,400, except  
11 that a claimant may claim as a credit against the taxes imposed under s. 71.43 an  
12 amount that is equal to 8% of the wages that the claimant paid to an apprentice in  
13 the taxable year in which the apprentice completes an apprenticeship program, but  
14 not to exceed \$3,000.

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

**ASSEMBLY BILL 555**

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

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

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

14 71.49 (1) (dm) Industrial, service, and skilled trades apprenticeship credit  
15 under s. 71.47 (5d).

16 **SECTION 12.** 77.92 (4) of the statutes, as affected by 2001 Wisconsin Act 16, is  
17 amended to read:

18 77.92 (4) “Net business income”, with respect to a partnership, means taxable  
19 income as calculated under section 703 of the Internal Revenue Code; plus the items  
20 of income and gain under section 702 of the Internal Revenue Code, including taxable  
21 state and municipal bond interest and excluding nontaxable interest income or  
22 dividend income from federal government obligations; minus the items of loss and  
23 deduction under section 702 of the Internal Revenue Code, except items that are not  
24 deductible under s. 71.21; plus guaranteed payments to partners under section 707  
25 (c) of the Internal Revenue Code; plus the credits claimed under s. 71.07 (2dd), (2de),

**ASSEMBLY BILL 555**

1 (2di), (2dj), (2dL), (2dm), (2dr), (2ds), (2dx), and (3g), and (3s), and (5d); and plus or  
2 minus, as appropriate, transitional adjustments, depreciation differences, and basis  
3 differences under s. 71.05 (13), (15), (16), (17), and (19); but excluding income, gain,  
4 loss, and deductions from farming. “Net business income”, with respect to a natural  
5 person, estate, or trust, means profit from a trade or business for federal income tax  
6 purposes and includes net income derived as an employee as defined in section 3121  
7 (d) (3) of the Internal Revenue Code.

8 (END)



State of Wisconsin  
2001 - 2002 LEGISLATURE

LRBa0742/1

JK:.....

Jld

ASSEMBLY AMENDMENT,  
TO 2001 ASSEMBLY BILL 555

*in 10-15-01*  
*due Tues 10-16*  
*9AM*

1 At the locations indicated, amend the bill as follows:

2 1. Page 2, line 1: before that line insert:

3 "SECTION 1. 15.225 (4) of the statutes is created to read:

4 15.225 (4) APPRENTICESHIP CREDIT REVIEW BOARD. There is created a  
5 apprenticeship credit review board which is attached to the department of workforce  
6 development under s. 15.03 to review the administration of the industrial, service,  
7 and skilled trades apprenticeship credit under ss. 71.07 (5d), 71.28 (5d), and 71.47  
8 (5d), to identify any problems associated with the credit, and to prepare periodic  
9 reports on the effectiveness of the credit. The board shall consist of 4 members who  
10 are representatives of organized labor, appointed by the governor to serve at the  
11 pleasure of the governor; 4 members who are representatives of business and  
12 industry, appointed by the governor to serve at the pleasure of the governor; and the

1 secretary of workforce development, or the secretary's designee, who shall serve as  
2 the board's chairperson.”.

3 **2.** Page 2, line 1: delete “SECTION 1” and substitute “SECTION 1m”. ✓

4 (END)





State of Wisconsin  
2001 - 2002 LEGISLATURE

LRBa0742/1  
JK:jld:pg

RMR

ASSEMBLY AMENDMENT,  
TO 2001 ASSEMBLY BILL 555

*represent the interests ✓*

*in 10-15*  
*Now*

1 At the locations indicated, amend the bill as follows:

2 **1.** Page 2, line 1: before that line insert:

3 "SECTION 1. 15.225 (4) of the statutes is created to read:

4 15.225 (4) APPRENTICESHIP CREDIT REVIEW BOARD. There is created a  
5 apprenticeship credit review board which is attached to the department of workforce  
6 development under s. 15.03 to review the administration of the industrial, service,  
7 and skilled trades apprenticeship credit under ss. 71.07 (5d), 71.28 (5d), and 71.47  
8 (5d), to identify any problems associated with the credit, and to prepare periodic  
9 reports on the effectiveness of the credit. The board shall consist of 4 members who

10 ~~are representatives~~ of organized labor, appointed by the governor to serve <sup>at the</sup>  
11 ~~pleasure of the governor;~~ <sup>Keep</sup> 4 members who ~~are representatives~~ of business and  
12 industry, appointed by the governor to serve <sup>at the pleasure of the governor;</sup> and the

*3-year terms*

*3-year terms*

1 secretary of workforce development, or the secretary's designee, who shall serve as  
2 the board's chairperson.”.

3 **2.** Page 2, line 1: delete “**SECTION 1**” and substitute “**SECTION 1m**”.

4 (END)