

2001 DRAFTING REQUEST

Assembly Amendment (AA-AB557)

Received: 10/16/2001

Received By: jkreye

Wanted: Today

Identical to LRB:

For: Jean Hundertmark (608) 266-3794

By/Representing: peter

This file may be shown to any legislator: NO

Drafter: jkreye

May Contact:

Addl. Drafters:

Subject: Tax - corp. inc. and fran.

Extra Copies:

Submit via email: NO

Pre Topic:

No specific pre topic given

Topic:

Sole proprietors to claim productivity enhancement training credit

Instructions:

See Attached

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>
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FE Sent For:

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2001 ASSEMBLY BILL 557

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

1 **AN ACT to amend** 20.445 (3) (md), 49.1475, 71.05 (6) (a) 15., 71.08 (1) (intro.),
2 71.21 (4), 71.26 (2) (a), 71.28 (1dx) (b) 1., 71.34 (1) (g), 71.45 (2) (a) 10., 77.92 (4)
3 and 560.797 (4) (f); and **to create** 15.227 (14), 20.292 (1) (kd), 20.445 (1) (d),
4 38.34, 49.175 (1) (zp), 71.07 (5v), 71.10 (4) (k), 71.28 (1dx) (b) 1m., 71.28 (1dx)
5 (f), 71.28 (5v), 71.30 (3) (g), 71.47 (5v), 71.49 (1) (g), 106.01 (12), 106.01 (13),
6 106.28 and 560.157 of the statutes; **relating to:** productivity enhancement
7 training and development zone tax credits; a workplace diversity grant
8 program, a job retention skills development program, preapprenticeship basic
9 skills training, and an apprenticeship marketing program; providing an
10 exemption from emergency rule procedures; granting rule-making authority;
11 and making appropriations.

Analysis by the Legislative Reference Bureau

This bill creates a productivity enhancement training tax credit and makes certain changes relating to development zone tax credits. The bill also creates several workforce training and education programs. Specifically, the bill does all of the following:

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1. ***Productivity Enhancement Training Tax Credit.*** Creates a nonrefundable business tax credit for expenses incurred by a business in providing the business's employees training to increase their productivity and to promote or create high-wage, high-skill jobs. The credit equals 100% of the business's training expenses as certified by the department of commerce, 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, 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.

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 that provides for training that will increase employee productivity and 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, must receive pre-training needs assessment and consultation from an experienced provider of productivity assessments, as approved by the department of commerce, and 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 after 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 productivity enhancement training certification and tax credit program.

The tax credit is available for taxable years beginning after December 31, 2001. No business may be certified for tax credits for any taxable year beginning after December 31, 2010.

2. ***Development Zone Tax Credits.*** Provides that any person who is eligible to claim an income tax credit for environmental 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 the department of revenue to promulgate rules implementing the credit transfer provisions. Currently, a person may claim an income tax credit for up to 50% of the person's environmental remediation expenses in a development zone, but may not transfer the right to claim

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the credit to any other person. Current law also does not permit a municipality or nonprofit organization to claim an environmental remediation tax credit.

3. **Workplace Diversity Grant Program.** Creates a workplace diversity grant program administered by the department of workforce development (DWD), under which local, nonprofit organizations that offer diversity training, basic employment skills development, or instruction in English as a second language to employees and to persons seeking employment may require grants for the operation of those activities. A local, nonprofit organization is qualified for a grant if 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; 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; or the local nonprofit organization assists persons who are eligible for the Wisconsin works program (commonly referred to as “W-2”), military veterans, persons who have been convicted of a crime, persons who are eligible for food stamps, or minority group members, whether employed or not, in preparing for or gaining entry into the skilled trades.

4. **Job Retention Skills Development Program.** Requires each technical college district board to offer, at a frequency based upon demand in the district, a job retention skills development program to assist employers in retaining new employees, building the job skill levels of those employees, and assisting those employees in attaining higher wages and long-term careers. 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, in the first six months of employment with their employer, or entry-level employees. The program must include training in the skills needed to achieve punctuality and consistency in attendance at work, 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 technical college system board, in consultation with employers, technical college district boards, and DWD, to develop standards for assessing the job retention skills of participants before and after participation in the program. The bill also requires technical college district boards to assist employers in providing ongoing job retention skills development and reinforcement activities in the work place. 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.

5. **Preapprenticeship Basic Skills Training.** 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

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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.

6. ***Apprenticeship Marketing Program.*** 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 with the apprenticeship marketing council created by the bill regarding the administration of those apprenticeship marketing activities.

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

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

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

2 15.227 (14) APPRENTICESHIP MARKETING COUNCIL. There is created in the
3 department of workforce development an apprenticeship marketing council
4 appointed by the secretary of workforce development. The council shall consist of 4
5 members appointed for 3-year terms who represent the interests of employees, 4
6 members appointed for 3-year terms who represent the interests of employers, and
7 2 employees of the department of workforce development to serve at the pleasure of
8 the secretary.

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

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2001-02 2002-03

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20.445 Workforce development, department of

3

(1) WORKFORCE DEVELOPMENT

4

(d) Workplace diversity grant pro-

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gram

GPR A

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\$120,000

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

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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, 2004.

11

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

12

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

13

14

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

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16

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

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

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

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

13 (c) Entry-level employees.

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

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

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

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

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

21 **(3)** (a) The board shall supervise, and establish minimum requirements for, the
22 program. Except as provided in sub. (2), the board shall determine the length and
23 content of the program after consultation with employers, district boards, Wisconsin
24 works agencies, as defined in s. 49.001 (9), local units of government, and labor
25 organizations.

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

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

9 (5) This section does not apply after December 31, 2005.

10 **SECTION 7.** 49.1475 of the statutes is amended to read:

11 **49.1475 Follow-up services.** Following any follow-up period required by the
12 contract entered into under s. 49.143, a Wisconsin works agency may provide case
13 management services for an individual who moves from a Wisconsin works
14 employment position to unsubsidized employment to help the individual retain the
15 unsubsidized employment. Case management services may include the provision of
16 employment skills training; English as a 2nd language classes, if the Wisconsin
17 works agency determines that the course will facilitate the individual's efforts to
18 retain employment; a course of study meeting the standards established under s.
19 115.29 (4) for the granting of a declaration of equivalency of high school graduation;
20 or other remedial education courses. A Wisconsin works agency shall coordinate case
21 management services with a program offered by a technical college under s. 38.34.
22 The Wisconsin works agency may provide case management services regardless of
23 the individual's income and asset levels.

24 **SECTION 8.** 49.175 (1) (zp) of the statutes is created to read:

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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 2002–03.

5 **SECTION 9.** 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)~~, and (5v) and not passed
9 through by a partnership, limited liability company, or tax–option corporation that
10 has added that amount to the partnership’s, company’s, or tax–option corporation’s
11 income under s. 71.21 (4) or 71.34 (1) (g).

12 **SECTION 10.** 71.07 (5v) of the statutes is created to read:

13 71.07 (5v) **PRODUCTIVITY ENHANCEMENT TRAINING CREDIT.** (a) In this subsection,
14 “productivity enhancement training expenses” has the meaning given in s. 560.157
15 (1).

16 (b) Subject to the limitations provided in this subsection, for taxable years
17 beginning after December 31, 2001, any ¹partner, member of a limited liability
18 company, or a shareholder of a tax–option corporation may claim as a credit against
19 taxes otherwise due under s. 71.02 an amount that is equal to 100% of the amount
20 of the ¹partner’s, member’s, or shareholder’s productivity enhancement training
21 expenses certified by the department of commerce under s. 560.157 in the taxable
22 year for which the expenses are certified, but that is not to exceed \$7,500.

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

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1 (d) A partner, member of a limited liability company, or shareholder of a
2 tax-option corporation may not claim the credit under par. (b) for any productivity
3 enhancement training expenses that the partner, member, or shareholder deducted
4 from gross income for Wisconsin income tax or franchise tax purposes under section
5 162 of the Internal Revenue Code.

6 (e) 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 productivity enhancement training expenses certified
9 under s. 560.157. A partnership, limited liability company, or tax-option corporation
10 shall compute the amount of credit that each of its partners, members, or
11 shareholders may claim and shall provide that information to each of them.
12 Partners, members of limited liability companies, and shareholders of tax-option
13 corporations may claim the credit in proportion to their ownership interest.

14 (f) 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 (g) No credit may be claimed under this subsection for taxable years beginning
17 after December 31, 2010. Credits claimed under this subsection for taxable years
18 beginning before January 1, 2011, may be carried forward to taxable years beginning
19 after December 31, 2009, as provided under s. 71.28 (4) (f).

20 SECTION 11. 71.08 (1) (intro.) of the statutes is amended to read:

21 71.08 (1) IMPOSITION. (intro.) If the tax imposed on a natural person, married
22 couple filing jointly, trust or estate under s. 71.02, not considering the credits under
23 ss. 71.07 (1), (2dd), (2de), (2di), (2dj), (2dL), (2dr), (2ds), (2dx), (2fd), (3m), (3s), (5v),
24 (6), and (9e), 71.28 (1dd), (1de), (1di), (1dj), (1dL), (1ds), (1dx), (1fd), (2m) and (3), and
25 (5v), and 71.47 (1dd), (1de), (1di), (1dj), (1dL), (1ds), (1dx), (1fd), (2m) and (3), and

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1 (5v) and subchs. VIII and IX and payments to other states under s. 71.07 (7), is less
2 than the tax under this section, there is imposed on that natural person, married
3 couple filing jointly, trust or estate, instead of the tax under s. 71.02, an alternative
4 minimum tax computed as follows:

5 **SECTION 12.** 71.10 (4) (k) of the statutes is created to read:

6 71.10 (4) (k) Productivity enhancement training credit under s. 71.07 (5v).

7 **SECTION 13.** 71.21 (4) of the statutes, as affected by 2001 Wisconsin Act 16, is
8 amended to read:

9 71.21 (4) Credits computed by a partnership under s. 71.07 (2dd), (2de), (2di),
10 (2dj), (2dL), (2dm), (2ds), (2dx), (3g), ~~and (3s)~~, and (5v) and passed through to
11 partners shall be added to the partnership's income.

12 **SECTION 14.** 71.26 (2) (a) of the statutes, as affected by 2001 Wisconsin Act 16,
13 is amended to read:

14 71.26 (2) (a) *Corporations in general.* The "net income" of a corporation means
15 the gross income as computed under the Internal Revenue Code as modified under
16 sub. (3) minus the amount of recapture under s. 71.28 (1di) plus the amount of credit
17 computed under s. 71.28 (1), (3), (4), (5), plus the amount of the credit computed
18 under s. 71.28 (1dd), (1de), (1di), (1dj), (1dL), (1dm), (1ds), ~~and (3g)~~ (1dx), (3g), and
19 (5v) and not passed through by a partnership, limited liability company, or
20 tax-option corporation that has added that amount to the partnership's, limited
21 liability company's, or tax-option corporation's income under s. 71.21 (4) or 71.34 (1)
22 (g) plus the amount of losses from the sale or other disposition of assets the gain from
23 which would be wholly exempt income, as defined in sub. (3) (L), if the assets were
24 sold or otherwise disposed of at a gain and minus deductions, as computed under the
25 Internal Revenue Code as modified under sub. (3), plus or minus, as appropriate, an

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1 amount equal to the difference between the federal basis and Wisconsin basis of any
2 asset sold, exchanged, abandoned, or otherwise disposed of in a taxable transaction
3 during the taxable year, except as provided in par. (b) and s. 71.45 (2) and (5).

4 **SECTION 15.** 71.28 (1dx) (b) 1. of the statutes is amended to read:

5 71.28 (1dx) (b) 1. Fifty percent of the amount expended by the person for
6 environmental remediation in a development zone.

7 **SECTION 16.** 71.28 (1dx) (b) 1m. of the statutes is created to read:

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

16 **SECTION 17.** 71.28 (1dx) (f) of the statutes is created to read:

17 71.28 (1dx) (f) *Transfer of credits.* Any person who is eligible to claim a credit
18 under par. (b) 1. may transfer the right to claim the credit under par. (b) 1. to any
19 other person who is subject to taxation under this subchapter. The department shall
20 promulgate rules to implement this paragraph.

21 **SECTION 18.** 71.28 (5v) of the statutes is created to read:

22 71.28 (5v) **PRODUCTIVITY ENHANCEMENT TRAINING CREDIT.** (a) In this subsection,
23 “productivity enhancement training expenses” has the meaning given in s. 560.157
24 (1).

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1 (b) Subject to the limitations provided in this subsection, for taxable years
2 beginning after December 31, 2001, any corporation may claim as a credit against
3 taxes otherwise due under s. 71.23 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 that is not to exceed \$7,500.

7 (c) 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 (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) Subsection (4) (g) and (h), as it applies to the credit under sub. (4), applies
22 to the credit under this subsection.

23 (g) No credit may be claimed under this subsection for taxable years beginning
24 after December 31, 2010. Credits claimed under this subsection for taxable years

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1 beginning before January 1, 2011, may be carried forward to taxable years beginning
2 after December 31, 2010, as provided under sub. (4) (f).

3 **SECTION 19.** 71.30 (3) (g) of the statutes is created to read:

4 71.30 (3) (g) Productivity enhancement training credit under s. 71.28 (5v).

5 **SECTION 20.** 71.34 (1) (g) of the statutes, as affected by 2001 Wisconsin Act 16,
6 is amended to read:

7 71.34 (1) (g) An addition shall be made for credits computed by a tax-option
8 corporation under s. 71.28 (1dd), (1de), (1di), (1dj), (1dL), (1dm), (1ds), (1dx), (3), and
9 (3g), and (5v) and passed through to shareholders.

10 **SECTION 21.** 71.45 (2) (a) 10. of the statutes is amended to read:

11 71.45 (2) (a) 10. By adding to federal taxable income the amount of credit
12 computed under s. 71.47 (1dd) to (1dx) and (5v) and not passed through by a
13 partnership, limited liability company or tax-option corporation that has added that
14 amount to the partnership's, limited liability company's, or tax-option corporation's
15 income under s. 71.21 (4) or 71.34 (1) (g) and the amount of credit computed under
16 s. 71.47 (1), (3), (4), and (5).

17 **SECTION 22.** 71.47 (5v) of the statutes is created to read:

18 71.47 (5v) PRODUCTIVITY ENHANCEMENT TRAINING CREDIT. (a) In this subsection,
19 "productivity enhancement training expenses" has the meaning given in s. 560.157
20 (1).

21 (b) Subject to the limitations provided in this subsection, for taxable years
22 beginning after December 31, 2001, any corporation may claim as a credit against
23 taxes otherwise due under s. 71.43 an amount that is equal to 100% of the amount
24 of the corporation's productivity enhancement training expenses certified by the

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1 department of commerce under s. 560.157 in the taxable year for which the expenses
2 are certified, but not to exceed \$7,500.

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

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

9 (e) 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 productivity enhancement training expenses certified
12 under s. 560.157. A partnership, limited liability company, or tax-option corporation
13 shall compute the amount of credit that each of its partners, members, or
14 shareholders may claim and shall provide that information to each of them.
15 Partners, members of limited liability companies, and shareholders of tax-option
16 corporations may claim the credit in proportion to their ownership interest.

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

19 (g) No credit may be claimed under this subsection for taxable years beginning
20 after December 31, 2010. Credits claimed under this subsection for taxable years
21 beginning before January 1, 2011, may be carried forward to taxable years beginning
22 after December 31, 2010 as provided under s. 71.28 (4) (f).

23 **SECTION 23.** 71.49 (1) (g) of the statutes is created to read:

24 71.49 (1) (g) Productivity enhancement training credit under s. 71.47 (5v).

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1 **SECTION 24.** 77.92 (4) of the statutes, as affected by 2001 Wisconsin Act 16, is
2 amended to read:

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

18 **SECTION 25.** 106.01 (12) of the statutes is created to read:

19 106.01 (12) From the appropriations under s. 20.445 (1) (a) and (g), the
20 department shall allocate \$150,000 in each fiscal year for apprenticeship marketing
21 activities, including the development and distribution of promotional materials
22 directed at encouraging employers to hire apprentices, educating high school career
23 counselors on careers available in the skilled trades, encouraging the youth of this
24 state to consider a career in the skilled trades, and otherwise promoting the
25 availability and benefits of careers in the skilled trades. The department shall solicit

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1 contributions from private sources to assist in the provision of those promotional
2 materials and shall credit any contributions received to the appropriation account
3 under s. 20.445 (1) (g). The department shall seek the advice of and consult with the
4 apprenticeship marketing council regarding the administration of the
5 apprenticeship marketing activities provided under this subsection.

6 **SECTION 26.** 106.01 (13) of the statutes is created to read:

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

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

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1 training costs, required to attend a preapprenticeship basic skills training program
2 provided by an organization, a technical college, or a school approved by the
3 educational approval board under s. 45.54.

4 **SECTION 27.** 106.28 of the statutes is created to read:

5 **106.28 Workplace diversity grant program.** (1) The department shall
6 administer a grant program under which local, nonprofit organizations that offer
7 diversity training, basic employment skills development, or instruction in English
8 as a 2nd language to employees and persons seeking employment may receive grants
9 for the operation of those activities.

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

12 (a) The governing body of the local, nonprofit organization is comprised of
13 representatives of private sector employers and local governmental units or
14 agencies, and the local, nonprofit organization assists local employees in meeting
15 their workforce needs.

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

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

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

24 2. Persons who are military veterans.

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

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

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

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

6 (4) To qualify for an initial grant under this section, a local, nonprofit
7 organization must apply to the department by December 1, 2002. The application
8 shall describe how the organization qualifies for a grant under subs. (1) and (2) and
9 how the organization will use the grant.

10 (5) The department shall promulgate emergency rules under s. 227.24 to
11 establish criteria to be used in determining which qualified local, nonprofit
12 organizations are eligible for grants under this section. Notwithstanding s. 227.24
13 (1) (a) and (3), the department is not required to provide evidence that promulgating
14 an emergency rule under this subsection is necessary for the preservation of public
15 peace, health, safety, or welfare, and is not required to provide a finding of emergency
16 for a rule promulgated under this subsection.

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

19 (7) By January 1, 2003, the department shall begin making the grants under
20 this section from the appropriation under s. 20.445 (1) (d).

21 (8) By September 1, 2003, the department shall report on the grant program
22 under this section, including the uses that the initial grant recipients made of the
23 grants and a recommendation on whether the grant program should be funded in the
24 next biennium and, if so, a recommendation of an appropriate funding level and any
25 changes that should be made to the program. The report shall be submitted to the

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1 appropriate standing committees of the legislature under s. 13.172 (3), to the joint
2 committee on finance, and to the governor.

3 **SECTION 28.** 560.157 of the statutes is created to read:

4 **560.157 Productivity enhancement training expense certification. (1)**

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

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

16 **(3) CERTIFICATION.** The department shall certify the productivity enhancement
17 training expenses of a business for the tax credit under s. 71.07 (5v), 71.28 (5v), or
18 71.47 (5v), if the business meets the eligibility requirements under sub. (4).

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

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

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

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1 2. Provides for training of the business's employees that will result in the
2 employees holding jobs within the business that require higher degrees of skill and
3 that pay higher wages than their current jobs, as determined by the assessment and
4 consultation under par. (b).

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

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

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

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

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

24 (c) Annually by December 1, the department shall report to the legislature
25 under s. 13.172 (2) on the effectiveness of the productivity enhancement training

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1 certification program and the tax credits under ss. 71.07 (5v), 71.28 (5v), and 71.47
2 (5v) in meeting the purposes of the program as specified in sub. (2).

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

7 (7) NOTIFICATION. The department shall notify the department of revenue of all
8 businesses that are entitled to claim tax credits under ss. 71.07 (5v), 71.28 (5v), and
9 71.47 (5v).

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

13 (9) SUNSET. No business may be certified under this section after December 31,
14 2010, or for tax credits for any tax year beginning after December 31, 2010.

15 **SECTION 29.** 560.797 (4) (f) of the statutes is amended to read:

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

20 **SECTION 30. Nonstatutory provisions; workforce development.**

21 (1) APPRENTICESHIP MARKETING COUNCIL; INITIAL TERMS. Notwithstanding the
22 length of terms specified for the members of the apprenticeship marketing council
23 under section 15.227 (14) of the statutes, as created by this act, representing the
24 interests of employees and the members of that council representing the interests of
25 employers, the initial members of that council representing the interests of

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1 employees and the initial members of that council representing the interests of
2 employers shall be appointed for the following terms:

3 (a) One member representing employees and one member representing
4 employers, for terms expiring on July 1, 2003.

5 (b) One member representing employees and one member representing
6 employers, for terms expiring on July 1, 2004.

7 (c) Two members representing employees and 2 members representing
8 employers, for terms expiring on July 1, 2005.

9 **SECTION 31. Appropriation changes.**

10 (1) JOB RETENTION SKILLS DEVELOPMENT PROGRAMS. There is transferred from the
11 appropriation to the department of workforce development under section 20.445 (3)
12 (md) of the statutes, as affected by the acts of 2001, to the appropriation to the
13 technical college system college board under section 20.292 (1) (kd) of the statutes,
14 as created by this act, \$200,000 in fiscal year 2002–03.

15 (2) PREAPPRENTICESHIP BASIC SKILLS TRAINING GRANTS. In the schedule under
16 section 20.005 (3) of the statutes for the appropriation to the department of workforce
17 development under section 20.445 (1) (a) of the statutes, as affected by the acts of
18 2001, the dollar amount is increased by \$300,000 for fiscal year 2002–03 to increase
19 funding for preapprenticeship basic skills training grants under section 106.01 (13)
20 (b) of the statutes, as created by this act.

21 (3) APPRENTICESHIP MARKETING ACTIVITIES. In the schedule under section 20.005
22 (3) of the statutes for the appropriation to the department of workforce development
23 under section 20.445 (1) (a) of the statutes, as affected by the acts of 2001, the dollar
24 amount is increased by \$150,000 for fiscal year 2002–03 to increase funding for the

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1 apprenticeship marketing activities specified under section 106.01 (12) of the
2 statutes, as created by this act.

3 (4) APPRENTICESHIP MARKETING POSITIONS. In the schedule under section 20.005
4 (3) of the statutes for the appropriation to the department of workforce development
5 under section 20.445 (1) (a) of the statutes, as affected by the acts of 2001, the dollar
6 amount is increased by \$125,000 for fiscal year 2002–03 to increase the authorized
7 FTE positions for the department by 2.0 GPR positions for the marketing of
8 apprenticeship training in this state.

9 **SECTION 32. Initial applicability.**

10 (1) TRANSFER OF ENVIRONMENTAL REMEDIATION TAX CREDITS. The treatment of
11 section 71.28 (1dx) (b) 1. and 1m. and (f) of the statutes first applies to taxable years
12 beginning on January 1, 2002.

13 (END)



State of Wisconsin
2001 - 2002 LEGISLATURE

LRBa07482

JK:.....

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ASSEMBLY AMENDMENT,
TO 2001 ASSEMBLY BILL 557

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At the locations indicated, amend the bill as follows:

- 1. Page 8, line 17: after "any" insert "sole proprietor,".
- 2. Page 8, line 20: after "the" insert "sole proprietor's,".
- 3. Page 9, line 1: after "A" insert "sole proprietor,".
- 4. Page 9, line 3: after "the" insert "sole proprietor,".

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(END)