



2003 ASSEMBLY BILL 626

October 27, 2003 – Introduced by Representatives LOEFFELHOLZ, VRAKAS, KESTELL, SUDER, HUNDERTMARK, GUNDERSON, PETTIS, MUSSER, ALBERS, HINES and VAN ROY, cosponsored by Senators REYNOLDS and ROESSLER. Referred to Committee on 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.

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, 2008, if the number of employers training apprentices does not increase by more than 40 percent from January 1, 2006, to December 31, 2008.

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

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

1 **SECTION 1.** 71.05 (6) (a) 15. of the statutes is amended to read:

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

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

8 71.07 (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.

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

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

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

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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 is amended to read:

11 71.21 (4) Credits computed by a partnership under s. 71.07 (2dd), (2de), (2di),
12 (2dj), (2dL), (2dm), (2ds), (2dx), (3g), ~~and (3s)~~, and (5d) and passed through to
13 partners shall be added to the partnership's income.

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

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

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1 Internal Revenue Code as modified under sub. (3), plus or minus, as appropriate, an
2 amount equal to the difference between the federal basis and Wisconsin basis of any
3 asset sold, exchanged, abandoned, or otherwise disposed of in a taxable transaction
4 during the taxable year, except as provided in par. (b) and s. 71.45 (2) and (5).

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

6 **71.28 (5d) INDUSTRIAL, SERVICE, AND SKILLED TRADES APPRENTICESHIP CREDIT.** (a)

7 In this subsection:

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

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

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

19 (b) Subject to the limitations provided in this subsection, for taxable years
20 beginning after December 31, 2005, a claimant may claim as a credit against the
21 taxes imposed under s. 71.23 an amount that is equal to 5 percent of the wages that
22 the claimant paid to an apprentice in the taxable year, but not to exceed \$1,400,
23 except that a claimant may claim as a credit against the taxes imposed under s. 71.23
24 an amount that is equal to 8 percent of the wages that the claimant paid to an

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1 apprentice in the taxable year in which the apprentice completes an apprenticeship
2 program, but not to exceed \$3,000.

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

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

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

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

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1 **SECTION 7.** 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 8.** 71.34 (1) (g) of the statutes is amended to read:

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

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

9 71.45 (2) (a) 10. By adding to federal taxable income the amount of credit
10 computed under s. 71.47 (1dd) to (1dx), and (5d) and not passed through by a
11 partnership, limited liability company or tax-option corporation that has added that
12 amount to the partnership's, limited liability company's, or tax-option corporation's
13 income under s. 71.21 (4) or 71.34 (1) (g) and the amount of credit computed under
14 s. 71.47 (1), (3), (4), and (5).

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

16 71.47 (5d) INDUSTRIAL, SERVICE, AND SKILLED TRADES APPRENTICESHIP CREDIT. (a)
17 In this subsection:

18 1. "Apprentice" means a person who participates in a 2-year to 5-year
19 apprenticeship program, as determined and approved by the department, in which
20 the person receives instruction leading to qualification as a skilled journeyman in
21 any industrial manufacturing trade, construction trade, or private sector service
22 occupation, if the apprenticeship program provides instruction related to any of the
23 5 manufacturing trades; any of the 5 construction trades; or any of the 5 private
24 sector service occupations; with the most projected job openings for new entrants, as
25 determined by the department.

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

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

4 (b) Subject to the limitations provided in this subsection, for taxable years
5 beginning after December 31, 2005, a claimant may claim as a credit against the
6 taxes imposed under s. 71.43 an amount that is equal to 5 percent of the wages that
7 the claimant paid to an apprentice in the taxable year, but not to exceed \$1,400,
8 except that a claimant may claim as a credit against the taxes imposed under s. 71.43
9 an amount that is equal to 8 percent of the wages that the claimant paid to an
10 apprentice in the taxable year in which the apprentice completes an apprenticeship
11 program, but not to exceed \$3,000.

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

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

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1 (e) Partnerships, limited liability companies, and tax-option corporations may
2 not claim the credit under this subsection, but the eligibility for, and the amount of,
3 the credit are based on their payment of wages under par. (b). A partnership, limited
4 liability company, or tax-option corporation shall compute the amount of credit that
5 each of its partners, members, or shareholders may claim and shall provide that
6 information to each of them. Partners, members of limited liability companies, and
7 shareholders of tax-option corporations may claim the credit in proportion to their
8 ownership interests.

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

12 71.49 (1) (dm) Industrial, service, and skilled trades apprenticeship credit
13 under s. 71.47 (5d).

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

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

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SECTION 12

1 loss, and deductions from farming. "Net business income", with respect to a natural
2 person, estate, or trust, means profit from a trade or business for federal income tax
3 purposes and includes net income derived as an employee as defined in section 3121
4 (d) (3) of the Internal Revenue Code.

5 (END)