

Fiscal Estimate Narratives
DOR 10/29/2007

LRB Number	07-2681/5	Introduction Number	AB-0540	Estimate Type	Original
Description Income and franchise tax credits for technology training					

Assumptions Used in Arriving at Fiscal Estimate

This bill allows a nonrefundable credit equal to the amount paid in the taxable year for technology training if the individual receiving the training is the claimant's employee in Wisconsin or will be the claimant's employee in Wisconsin after completing the training. "Technology training" means training related to design, frame, vehicle, internal combustion engine, generator, casting, and vehicle technologies. The maximum credit per individual trained is \$3,000 for the first year, and \$1,350 for the second year and each subsequent year thereafter. The individual who receives the technology training must receive at least 30 hours of training in the first year and 20 hours of training in the second and each subsequent year in order for the training to be eligible for claiming the credit. Unused credit may be carried over and offset against tax for up to 15 years.

Partnerships, limited liability companies, and tax-option corporations may not claim the credit but the eligibility for, and the amount of, the credit are based on their payment of amounts. Partners, members of limited liability companies, and shareholders of tax-option corporations may claim the credit in proportion to their ownership interests.

The bill would result in a loss of revenue. However, the amount of revenue that will be lost cannot be estimated because it is unknown how many employees would receive eligible training. According to data from the federal Bureau of Labor Statistics, there are approximately 41,000 employees in Wisconsin in industries related to automobiles and motorcycles. While the credit is not limited to employees in these industries, it is reasonable to assume that these employers would be most likely to provide training that would be eligible under the bill. If 1% of these employees are provided eligible training in amounts up to the maximum allowed, the fiscal effect would be a reduction in revenue of \$1,230,000 (41,000 employees x 1% x \$3,000) in the first year after the credit is enacted. If 25% of these employees are provided eligible training in amounts up to the maximum allowed, the fiscal effect would be a reduction in revenue of \$30.8 million (41,000 employees x 25% x \$3,000) in the first year after the credit is enacted. The amount of revenue lost could be somewhat less in the second and subsequent years after enactment as the employees receiving training would likely be a mix of those in their first year of training (eligible for a maximum credit of \$3,000) and those in a second or subsequent year of training (eligible for a maximum credit of \$1,350).

Long-Range Fiscal Implications

Fiscal Estimate Worksheet - 2007 Session

Detailed Estimate of Annual Fiscal Effect

Original
 Updated
 Corrected
 Supplemental

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Description Income and franchise tax credits for technology training			
I. One-time Costs or Revenue Impacts for State and/or Local Government (do not include in annualized fiscal effect):			
II. Annualized Costs:		Annualized Fiscal Impact on funds from:	
		Increased Costs	Decreased Costs
A. State Costs by Category			
State Operations - Salaries and Fringes	\$		\$
(FTE Position Changes)			
State Operations - Other Costs			
Local Assistance			
Aids to Individuals or Organizations			
TOTAL State Costs by Category	\$		\$
B. State Costs by Source of Funds			
GPR			
FED			
PRO/PRS			
SEG/SEG-S			
III. State Revenues - Complete this only when proposal will increase or decrease state revenues (e.g., tax increase, decrease in license fee, etc.)			
	Increased Rev		Decreased Rev
GPR Taxes	\$		\$
GPR Earned			
FED			
PRO/PRS			
SEG/SEG-S			
TOTAL State Revenues	\$		\$
NET ANNUALIZED FISCAL IMPACT			
	State		Local
NET CHANGE IN COSTS	\$See Text		\$
NET CHANGE IN REVENUE	\$		\$
Agency/Prepared By		Authorized Signature	Date
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