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MEMORANDUM

TO Representative Brostoff

FROM Joseph T. Kreye, Legal Services Manager, (608) 266-2263

DATE March 23, 2017

SUBJECT Technical memorandum to **2017 AB 177** (LRB-2412/1) by **DOR**

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

March 22, 2017

TO: Joseph Kreye
Legislative Reference Bureau

FROM: Robert Schmidt
Michael Oakleaf
Department of Revenue

SUBJECT: Technical Memorandum on AB 177 (LRB 2412/1) – Nonrefundable Credit for Employing Apprentices in the Milwaukee Institute of Art and Design

The Department has the following technical concerns with the above-referenced bill:

- Proposed s. 71.07(8b)(b) should include a reference to the alternative minimum tax imposed under s. 71.08 in addition to the reference to taxes imposed under s. 71.02
- It is unclear how the Department would verify that an employee is employed through the Milwaukee Institute of Art and Design apprenticeship program, or that the business that employs the individual is engaged in design apprenticeship activity consistent with the apprenticeship program funded by an apprenticeship initiative grant provided by the US Department of Labor. The author may wish to provide a statutory requirement for the Milwaukee Institute of Art and Design to provide verification that the employment meets the specifications in the bill.
- Alternatively, the author could require another entity, such as the Wisconsin Economic Development Corporation, to certify the credits as meeting the requirements under the bill. The Department does not certify any other existing tax credits.
- The Department would require time to develop computer systems for certifying and tracking the credits, and it would be difficult to develop them in time for processing tax year 2017 claims if the bill were to pass late in the year. It would be preferable that if the bill passes after July 1 that it would first apply to taxable years beginning on January 1 of the following year.

If you have any questions regarding this technical memorandum, please contact Michael Oakleaf at 261-5173 or via email at Michael.oakleaf@wisconsin.gov.

cc: Rep. Brostoff