

### Fiscal Estimate - 2017 Session

Original     
  Updated     
  Corrected     
  Supplemental

<b>LRB Number</b> <b>17-4788/1</b>	<b>Introduction Number</b> <b>AB-0734</b>
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**Description**  
 creating individual and corporate income and franchise tax deductions for tuition paid for apprenticeship programs

**Fiscal Effect**

**State:**

<input type="checkbox"/> No State Fiscal Effect	<input type="checkbox"/> Indeterminate	<input type="checkbox"/> Increase Existing Revenues	<input checked="" type="checkbox"/> Increase Costs - May be possible to absorb within agency's budget
<input type="checkbox"/> Increase Existing Appropriations	<input checked="" type="checkbox"/> Decrease Existing Revenues	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
<input type="checkbox"/> Decrease Existing Appropriations	<input type="checkbox"/> Create New Appropriations	<input type="checkbox"/> Decrease Costs	

**Local:**

<input type="checkbox"/> No Local Government Costs	<input type="checkbox"/> Indeterminate	<b>5. Types of Local Government Units Affected</b>	
1. <input type="checkbox"/> Increase Costs	3. <input type="checkbox"/> Increase Revenue	<input type="checkbox"/> Towns	<input type="checkbox"/> Village
<input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	<input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	<input type="checkbox"/> Counties	<input type="checkbox"/> Others <u>0</u>
2. <input type="checkbox"/> Decrease Costs	4. <input type="checkbox"/> Decrease Revenue	<input type="checkbox"/> School Districts	<input type="checkbox"/> WTCS Districts
<input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	<input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory		

<b>Fund Sources Affected</b>	<b>Affected Ch. 20 Appropriations</b>
<input checked="" type="checkbox"/> GPR <input type="checkbox"/> FED <input type="checkbox"/> PRO <input type="checkbox"/> PRS <input type="checkbox"/> SEG <input type="checkbox"/> SEGS	

<b>Agency/Prepared By</b>	<b>Authorized Signature</b>	<b>Date</b>
DOR/ Michael Oakleaf (608) 261-5173	Jamie Adams (608) 266-6785	12/14/2017

## Fiscal Estimate Narratives

DOR 12/14/2017

LRB Number	17-4788/1	Introduction Number	AB-0734	Estimate Type	Original
<b>Description</b> creating individual and corporate income and franchise tax deductions for tuition paid for apprenticeship programs					

### Assumptions Used in Arriving at Fiscal Estimate

The bill creates an income and franchise tax deduction for tuition expenses paid by an individual or corporation for an individual to participate in an apprenticeship program that is approved by the Department of Workforce Development. The deduction first applies to taxable years beginning after December 31, 2017.

#### Fiscal Estimate

Based on data from the Department of Workforce Development there are approximately 11,700 apprentices in the state. Of those, approximately 5,800 are enrolled in programs at a Wisconsin Technical College System (WTCS) school. Annual tuition for these programs is \$650. Assuming a marginal tax rate of 5 percent, the tuition deduction under the bill for these apprentices would reduce income and franchise tax revenue by an estimated \$188,500 annually ( $\$650 \times 5,800 \text{ students} \times .05$ ).

The remaining 5,900 apprentices are in apprenticeship programs with entities other than the WTCS. These are typically run by industry groups. Tuition in these programs is approximately \$2,000 annually. Assuming the same 5 percent marginal tax rate, the deduction for these apprentices would result in a reduction in income and franchise tax revenue of an estimated \$590,000.

The total fiscal effect would be an annual reduction in income and franchise tax revenue of an estimated \$778,500 ( $\$188,500 + 590,000$ ). The fiscal effect could be higher to the extent that tuition is paid by a corporate employer, rather than the apprentice, and the deduction is claimed on a corporate return with a tax rate of 7.9 percent.

### Long-Range Fiscal Implications

## Fiscal Estimate Worksheet - 2017 Session

Detailed Estimate of Annual Fiscal Effect

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<b>LRB Number</b> 17-4788/1	<b>Introduction Number</b> AB-0734	
<b>Description</b> creating individual and corporate income and franchise tax deductions for tuition paid for apprenticeship programs		
<b>I. One-time Costs or Revenue Impacts for State and/or Local Government (do not include in annualized fiscal effect):</b>		
<b>II. Annualized Costs:</b>		
	<b>Annualized Fiscal Impact on funds from:</b>	
	Increased Costs      Decreased Costs	
<b>A. State Costs by Category</b>		
State Operations - Salaries and Fringes	\$	\$
(FTE Position Changes)		
State Operations - Other Costs		
Local Assistance		
Aids to Individuals or Organizations		
<b>TOTAL State Costs by Category</b>	<b>\$</b>	<b>\$</b>
<b>B. State Costs by Source of Funds</b>		
GPR		
FED		
PRO/PRS		
SEG/SEG-S		
<b>III. State Revenues - Complete this only when proposal will increase or decrease state revenues (e.g., tax increase, decrease in license fee, etc.)</b>		
	Increased Rev	Decreased Rev
GPR Taxes	\$	\$-778,500
GPR Earned		
FED		
PRO/PRS		
SEG/SEG-S		
<b>TOTAL State Revenues</b>	<b>\$</b>	<b>\$-778,500</b>
<b>NET ANNUALIZED FISCAL IMPACT</b>		
	<u>State</u>	<u>Local</u>
NET CHANGE IN COSTS	\$	\$
NET CHANGE IN REVENUE	\$-778,500	\$
<b>Agency/Prepared By</b>	<b>Authorized Signature</b>	<b>Date</b>
DOR/ Michael Oakleaf (608) 261-5173	Jamie Adams (608) 266-6785	12/14/2017