

**2019 DRAFTING REQUEST**

**Assembly Substitute Amendment (ASA-AB45)**

For: **Rob Stafsholt (608) 266-7683** Drafter: **mshovers**  
 By: **Matthew** Secondary Drafters: **elunder**  
 Date: **3/28/2019** May Contact:  
 Same as LRB:

Submit via email: **YES**  
 Requester's email: **Rep.Stafsholt@legis.wisconsin.gov**  
 Carbon copy (CC) to:

**Pre Topic:**

No specific pre topic given

**Topic:**

Creating individual and corporate income and franchise tax deductions for tuition paid for apprenticeship programs

**Instructions:**

See attached. Incorporate changes suggested in DOR's technical memo

**Drafting History:**

<u>Vers.</u>	<u>Drafted</u>	<u>Reviewed</u>	<u>Submitted</u>	<u>Jacketed</u>	<u>Required</u>
/?	mshovers 4/4/2019				
/P1	mshovers 7/25/2019	aernstr 4/12/2019	mbarman 4/12/2019		
/P2		aernstr 7/25/2019	mbarman 7/25/2019		
/1			dwalker 8/14/2019	dwalker 8/14/2019	

FE Sent For: **<END>**

Richard A. Champagne, Chief and General Counsel  
Legal 608-266-3561 • Information 608-266-0341



One East Main Street, Suite 200 • P.O. Box 2037  
Madison, WI 53701-2037 • [www.legis.state.wi.us/lrb](http://www.legis.state.wi.us/lrb)

## MEMORANDUM

**TO** Representative Stafsholt  
**FROM** LRB – Legal Services  
**DATE** March 5, 2019  
**SUBJECT** Technical memorandum to **2019 AB 45** (LRB-1878/1) 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 the LRB drafter of your proposal.

**LRB DRAFTER:** Marc Shovers, Senior Legislative Attorney, (608) 504-5876  
Erika Lunder, Legislative Attorney, (608) 504-5819

**MEMORANDUM**

March 1, 2019

**TO:** Representative Stafsholt

**FROM:** Bob Schmidt  
Department of Revenue

**SUBJECT:** Technical Memorandum on 2019 Assembly Bill 45: Relating to Creating Individual and Corporate Income and Franchise Tax Deductions for Tuition Paid for Apprenticeship Programs

The Department has the following concerns related to the bill:

**Sec. 71.05(6)(b)54.**

- a. A subtraction is also allowed in sec. 71.05(6)(b)32., Stats., for amounts contributed to a college savings account. If the apprenticeship program is provided through an accredited college, university, vocation school, or other postsecondary education institution, then distributions from a college savings account to pay for the apprenticeship program would not be taxable; however, they would be deductible under this provision. Therefore, a subtraction is allowed twice on the same amount, resulting in a double benefit. Once when the amount is contributed to the college savings account, and again when the amount is withdrawn to pay for the tuition expenses.

If the bill is intended to allow the double benefit, no change is needed. Otherwise, the following language can be added to 71.05(6)(b)54., Stats., "No modification may be claimed under this subdivision for an amount paid for an apprenticeship program, if the source of the payment is an amount withdrawn from a college savings account, as described in s. 224.50 or from a college tuition and expenses program, as described in s. 224.48."

- b. A subtraction is also allowed in sec. 71.05(6)(b)28., Stats., for tuition and fee expenses paid during the year. If the apprenticeship program is provided through an accredited college, university, vocation school, or other postsecondary education institution, then a double benefit would occur if a subtraction is allowed under both provisions. Once for tuition and fee expenses paid under the current provision, and again when a subtraction is taken for the amounts paid for the apprenticeship tuition costs.

If the bill is intended to allow the double benefit, no change is needed. Otherwise, the following language can be added to 71.05(6)(b)54., Stats., "The modification that may be claimed under this subdivision for an amount paid for an apprenticeship program is reduced by the amount paid for an apprenticeship program that is being claimed as a modification for tuition expenses or mandatory student fees under sec. 71.05(6)(b)28."

- c. Deductions previously taken for college savings accounts must be added back to income to the extent that the amounts are not used for qualifying educational expenses. This bill does

not contain any comparable requirement to add back tuition expenses refunded or otherwise returned to the claimant that were previously claimed as a subtraction.

**Sec. 71.05(6)(b)54.d.**

The definition of a dependent refers to a section of the Internal Revenue Code (IRC) that is temporarily repealed. The Department suggests:

d. In this subdivision, "dependent" means ~~an individual claimed by a claimant as a dependent under~~ has the same meaning given in section 151 (c) 152 of the Internal Revenue Code on his or her tax return.

**Additional Sections**

The deduction applies to individuals, corporations, and insurance companies. The Department suggests allowing the deduction to apply to estates, trusts, tax-option (S) corporations, and partnerships, including tax-option (S) corporations and partnerships electing to be taxed at the entity level under sec. 71.365(4m)(a) or 71.21(6)(a), Wis. Stats.

Modify sec. 71.05 (6) (b) 54. c., on page 2, lines 8 and 9 to read:

c. In this subdivision, "claimant" means an individual, estate, or trust who files a claim under this subdivision.

Create sec. 71.21 (5m) to read:

✓ 71.21 (5m) For taxable years beginning after December 31, 2019, subtract an amount equal to the amount the taxpayer paid in the taxable year for tuition expenses for an individual to participate in an apprenticeship program, as defined in s. 106.001 (4). ?

Create sec. 71.36 (1m) (d) to read:

✓ 71.36 (1m) (d) For taxable years beginning after December 31, 2019, a tax-option corporation may deduct from its net income an amount equal to the amount a taxpayer paid in the taxable year for tuition expenses for an individual to participate in an apprenticeship program, as defined in s. 106.001 (4).

Create sec. 71.365 (4m) (d) 1m. to read:

✓ 71.365 (4m) (d) 1m. For taxable years beginning after December 31, 2019, a tax-option corporation may deduct from its net income the amount under s. 71.36 (1m) (d).

If you have any questions regarding this technical memorandum, please contact Brad Caruth at (608) 261-8984 or [bradley.caruth@revenue.wi.gov](mailto:bradley.caruth@revenue.wi.gov).

cc: Marc Shovers



State of Wisconsin  
2019 - 2020 LEGISLATURE

LRBs0019/P1

MES&EKL:...

ahc

**PRELIMINARY DRAFT - NOT READY FOR INTRODUCTION**  
**ASSEMBLY SUBSTITUTE AMENDMENT ,**  
**TO ASSEMBLY BILL 45**

IN: 4/11  
DUE: 4/12

gen ✓

sa ✓

1 AN ACT ...; relating to: creating individual and corporate income and franchise  
2 tax deductions for tuition paid for apprenticeship programs.

***Analysis by the Legislative Reference Bureau***

This bill creates an income and franchise tax deduction for tuition expenses paid by an individual, including a sole proprietor; certain business entities, including estates, trusts, tax-option corporations, and partnerships; or a corporation, for an individual to participate in an apprenticeship program that is approved by the Department of Workforce Development. If the deduction is claimed by an individual, the participant in the apprenticeship program must be the individual or his or her dependent. The deduction first applies to taxable years beginning after December 31, 2019.

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

3 ~~4~~ SECTION 1. 71.05 (6) (a) 29. of the statutes is created to read:

1           71.05 (6) (a) 29. Any amount for which a subtraction is claimed under par. (b) ✓  
2 to the extent that the amount was not used for tuition or was refunded or otherwise  
3 returned to the claimant.

4 ✕ **SECTION 2.** 71.05 (6) (b) 54. of the statutes is created to read:

5           71.05 (6) (b) 54. a. Subject to the definitions provided in subd. 54. b. to d., ✓ and  
6 the limitations in subd. 54. e. and f., ✓ for taxable years beginning after December 31,  
7 2019, tuition expenses that are paid in the year to which the claim relates by a  
8 claimant for the claimant or the claimant's dependent, or both, or, if a self-employed  
9 individual, for a claimant's employee, to participate in an apprenticeship program.

10           b. In this subdivision, ✓ "apprenticeship program" has the meaning given in s.  
11 106.001 (4).

12           c. In this subdivision, ✓ "claimant" means an individual, estate, or trust that files  
13 a claim under this subdivision.

14           d. In this subdivision, "dependent" has the same meaning as given under  
15 section 152 ✓ of the Internal Revenue Code.

16           e. No subtraction may be made under this subdivision ✓ for an amount paid for  
17 an apprenticeship program if the source of the payment is an amount withdrawn  
18 from a college savings account, as described in s. 224.50, ✓ or from a college tuition and  
19 expenses program, as described in s. 224.48. ✓

20           f. The subtraction that may be claimed under this subdivision ✓ for an amount  
21 paid for an apprenticeship program is reduced by the amount paid for an  
22 apprenticeship program that is being claimed as a modification for tuition expenses  
23 or mandatory student fees under subd. 28. ✓

24 ✕ **SECTION 3.** 71.21 (5m) <sup>e (4m)</sup> of the statutes is created to read:

1 71.21 <sup>(4m)</sup> ~~(5m)~~ For taxable years beginning after December 31, 2019, subtract an  
2 amount equal to the amount the taxpayer paid in the taxable year for tuition  
3 expenses for an individual to participate in an apprenticeship program, as defined  
4 in s. 106.001 (4).

5 ✦ SECTION 4. 71.26 (1) (i) of the statutes is created to read:

6 71.26 (1) (i) *Apprenticeship program tuition payments.* For taxable years  
7 beginning after December 31, 2019, an amount equal to the amount the taxpayer  
8 paid in the taxable year for tuition expenses for an individual to participate in an  
9 apprenticeship program, as defined in s. 106.001 (4).

10 ✦ SECTION 5. 71.36 (1m) (d) of the statutes is created to read:

11 71.36 (1m) (d) For taxable years beginning after December 31, 2019, a  
12 tax-option corporation may deduct from its net income an amount equal to the  
13 amount a taxpayer paid in the taxable year for tuition expenses for an individual to  
14 participate in an apprenticeship program, as defined in s. 106.001 (4).

15 ✦ SECTION 6. 71.365 (4m) (d) 1m. of the statutes is created to read:

16 71.365 (4m) (d) 1m. For taxable years beginning after December 31, 2019, a  
17 tax-option corporation may deduct from its net income the amount under s. 71.36  
18 (1m) (d).

19 ✦ SECTION 7. 71.45 (1) (d) of the statutes is created to read:

20 71.45 (1) (d) For taxable years beginning after December 31, 2019, an amount  
21 equal to the amount the taxpayer paid in the taxable year for tuition expenses for an  
22 individual to participate in an apprenticeship program, as defined in s. 106.001 (4).

23

(END)

## Shovers, Marc

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**From:** Spencer, Matthew  
**Sent:** Monday, July 22, 2019 1:34 PM  
**To:** Shovers, Marc  
**Subject:** FW: Draft review: LRB s0019/P1  
**Attachments:** 19s0019/P1.pdf

Afternoon Mark,

We have decided to only make the credit available to individuals and not business entities. Could you create a /p2?

Thanks!

### **Matthew Spencer**

Research Assistant  
Office of Representative Rob Stafsholt  
29th Assembly District  
608-266-7683

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**From:** LRB.Legal <lrblegal@legis.wisconsin.gov>  
**Sent:** Friday, April 12, 2019 12:41 PM  
**To:** Rep.Stafsholt <Rep.Stafsholt@legis.wisconsin.gov>  
**Subject:** Draft review: LRB s0019/P1

**Following is the PDF version of draft LRB s0019/P1.**





State of Wisconsin  
2019 - 2020 LEGISLATURE

LRBs0019/P1  
MES&EKL:ahc

P2  
*[Handwritten signature]*

**PRELIMINARY DRAFT - NOT READY FOR INTRODUCTION**  
**ASSEMBLY SUBSTITUTE AMENDMENT,**  
**TO ASSEMBLY BILL 45**

*today or Fri*

*sa*

*[Handwritten signature]*

1 **AN ACT to create** 71.05 (6) (a) 29., 71.05 (6) (b) 54., 71.21 (4m), 71.26 (1) (i), 71.36  
2 (1m) (d), 71.365 (4m) (d) 1m. and 71.45 (1) (d) of the statutes; **relating to:**  
3 creating <sup>for an</sup> individual ~~and corporate~~ income and franchise tax deductions <sup>for</sup>  
4 tuition paid for apprenticeship programs.

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*individual* **Analysis by the Legislative Reference Bureau**

This bill creates an income and franchise tax deduction for tuition expenses paid by an individual, including a sole proprietor; certain business entities, including estates, trusts, tax-option corporations, and partnerships; or a corporation, for an individual to participate in an apprenticeship program that is approved by the Department of Workforce Development. If the deduction is claimed by an individual, the participant in the apprenticeship program must be the individual or his or her dependent. The deduction first applies to taxable years beginning after December 31, 2019.

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

1

SECTION 1. 71.05 (6) (a) <sup>930</sup>29 of the statutes is created to read:

2

71.05 (6) (a) <sup>e 30.</sup>29 Any amount for which a subtraction is claimed under par. (b) <sup>54,</sup> to the extent that the amount was not used for tuition or was refunded or otherwise returned to the claimant.

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SECTION 2. 71.05 (6) (b) 54. of the statutes is created to read:

6

71.05 (6) (b) 54. a. Subject to the definitions provided in subd. 54. b. to d., and the limitations in subd. 54. e. and f., for taxable years beginning after December 31, 2019, tuition expenses that are paid in the year to which the claim relates by a claimant for the claimant or the claimant's dependent, or both, or, if a self-employed individual, for a claimant's employee, to participate in an apprenticeship program.

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b. In this subdivision, "apprenticeship program" has the meaning given in s. 106.001 (4).

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c. In this subdivision, "claimant" means an individual, estate, or trust that files a claim under this subdivision.

14

15

d. In this subdivision, "dependent" has the same meaning as given under section 152 of the Internal Revenue Code.

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e. No subtraction may be made under this subdivision for an amount paid for an apprenticeship program if the source of the payment is an amount withdrawn from a college savings account, as described in s. 224.50, or from a college tuition and expenses program, as described in s. 224.48.

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f. The subtraction that may be claimed under this subdivision for an amount paid for an apprenticeship program is reduced by the amount paid for an apprenticeship program that is being claimed as a modification for tuition expenses or mandatory student fees under subd. 28.

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25

SECTION 3. 71.21 (4m) of the statutes is created to read:

1       **71.21 (4m)** For taxable years beginning after December 31, 2019, subtract an  
2 amount equal to the amount the taxpayer paid in the taxable year for tuition  
3 expenses for an individual to participate in an apprenticeship program, as defined  
4 in s. 106.001 (4).

5       **SECTION 4.** 71.26 (1) (i) of the statutes is created to read:

6       **71.26 (1) (i)** *Apprenticeship program tuition payments.* For taxable years  
7 beginning after December 31, 2019, an amount equal to the amount the taxpayer  
8 paid in the taxable year for tuition expenses for an individual to participate in an  
9 apprenticeship program, as defined in s. 106.001 (4).

10       **SECTION 5.** 71.36 (1m) (d) of the statutes is created to read:

11       **71.36 (1m) (d)** For taxable years beginning after December 31, 2019, a  
12 tax-option corporation may deduct from its net income an amount equal to the  
13 amount a taxpayer paid in the taxable year for tuition expenses for an individual to  
14 participate in an apprenticeship program, as defined in s. 106.001 (4).

15       **SECTION 6.** 71.365 (4m) (d) 1m. of the statutes is created to read:

16       **71.365 (4m) (d) 1m.** For taxable years beginning after December 31, 2019, a  
17 tax-option corporation may deduct from its net income the amount under s. 71.36  
18 (1m) (d).

19       **SECTION 7.** 71.45 (1) (d) of the statutes is created to read:

20       **71.45 (1) (d)** For taxable years beginning after December 31, 2019, an amount  
21 equal to the amount the taxpayer paid in the taxable year for tuition expenses for an  
22 individual to participate in an apprenticeship program, as defined in s. 106.001 (4).

23

(END)



State of Wisconsin  
2019 - 2020 LEGISLATURE

LRBs0019/P2  
MES:ahe

NO  
Changes

**PRELIMINARY DRAFT - NOT READY FOR INTRODUCTION**  
**ASSEMBLY SUBSTITUTE AMENDMENT ,**  
**TO ASSEMBLY BILL 45**

1 **AN ACT to create** 71.05 (6) (a) 30. and 71.05 (6) (b) 54. of the statutes; **relating**  
2 **to:** creating an individual income tax deduction for tuition paid for  
3 apprenticeship programs.

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***Analysis by the Legislative Reference Bureau***

This bill creates an individual income tax deduction for tuition expenses paid by an individual for an individual to participate in an apprenticeship program that is approved by the Department of Workforce Development. If the deduction is claimed by an individual, the participant in the apprenticeship program must be the individual or his or her dependent. The deduction first applies to taxable years beginning after December 31, 2019.

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

4 **SECTION 1.** 71.05 (6) (a) 30. of the statutes is created to read:

