

Fiscal Estimate - 2019 Session

Original
 Updated
 Corrected
 Supplemental

LRB Number 19-1878/1	Introduction Number AB-0045
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 Appropriations <input type="checkbox"/> Increase Existing Revenues <input checked="" type="checkbox"/> Increase Costs - May be possible to absorb within agency's budget <input type="checkbox"/> Decrease Existing Appropriations <input checked="" type="checkbox"/> Decrease Existing Revenues <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Create New Appropriations <input type="checkbox"/> Decrease Costs	
Local:	
<input type="checkbox"/> No Local Government Costs <input type="checkbox"/> Indeterminate 1. <input type="checkbox"/> Increase Costs 3. <input type="checkbox"/> Increase Revenue 5. Types of Local Government Units Affected <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory <input type="checkbox"/> Towns <input type="checkbox"/> Village <input type="checkbox"/> Cities 2. <input type="checkbox"/> Decrease Costs 4. <input type="checkbox"/> Decrease Revenue <input type="checkbox"/> Counties <input type="checkbox"/> Others <u>0</u> <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory <input type="checkbox"/> School Districts <input type="checkbox"/> WTCS Districts	
Fund Sources Affected	
<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	
Affected Ch. 20 Appropriations	
Agency/Prepared By DOR/ Bradley Caruth (608) 261-8984	Authorized Signature Michael Oakleaf (608) 261-5173
Date 3/4/2019	

Fiscal Estimate Narratives

DOR 3/4/2019

LRB Number	19-1878/1	Introduction Number	AB-0045	Estimate Type	Original
Description 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, 2019.

Based on data from the Department of Workforce Development there were approximately 13,600 apprentices in Wisconsin in 2018. Approximately 6,200 were enrolled in programs at a Wisconsin Technical College System (WTCS) school and paid a total of about \$4 million in tuition for these programs, or \$640 per student. 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 \$200,000 annually (\$4 million x 5%).

The remaining 7,400 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 \$740,000.

The total fiscal effect would be an annual reduction in income and franchise tax revenue of an estimated 940,000 (\$200,000 + 740,000). 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 - 2019 Session

Detailed Estimate of Annual Fiscal Effect

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LRB Number 19-1878/1		Introduction Number AB-0045	
Description creating individual and corporate income and franchise tax deductions for tuition paid for apprenticeship programs			
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		\$	\$-940,000
GPR Earned			
FED			
PRO/PRS			
SEG/SEG-S			
TOTAL State Revenues		\$	\$-940,000
NET ANNUALIZED FISCAL IMPACT			
		<u>State</u>	<u>Local</u>
NET CHANGE IN COSTS		\$	\$
NET CHANGE IN REVENUE		\$-940,000	\$
Agency/Prepared By		Authorized Signature	Date
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