

### Fiscal Estimate - 2023 Session

Original     
  Updated     
  Corrected     
  Supplemental

<b>LRB Number</b> <b>23-5109/1</b>	<b>Introduction Number</b> <b>SB-0747</b>	
<b>Description</b> apprenticeship and youth apprenticeship completion awards, career and technical education incentive grants and completion awards, technical preparation programs in school districts and technical colleges, creating an individual income tax credit for completing an apprenticeship program, rejection criteria for part-time open enrollment applications, extending the time limit for emergency rule procedures, and providing an exemption from emergency rule procedures		
<b>Fiscal Effect</b>  <b>State:</b> <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 type="checkbox"/> Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> Create New Appropriations <input type="checkbox"/> Decrease Costs		
<b>Local:</b> <input checked="" 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 <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		
<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> DOR/ Bradley Caruth (608) 261-8984	<b>Authorized Signature</b> Michael Oakleaf (608) 261-5173	<b>Date</b> 12/15/2023

## Fiscal Estimate Narratives

DOR 12/15/2023

LRB Number	<b>23-5109/1</b>	Introduction Number	<b>SB-0747</b>	Estimate Type	<b>Original</b>
<b>Description</b> apprenticeship and youth apprenticeship completion awards, career and technical education incentive grants and completion awards, technical preparation programs in school districts and technical colleges, creating an individual income tax credit for completing an apprenticeship program, rejection criteria for part-time open enrollment applications, extending the time limit for emergency rule procedures, and providing an exemption from emergency rule procedures					

### Assumptions Used in Arriving at Fiscal Estimate

The bill makes a number of changes to state statutes related to apprenticeship programs in Wisconsin. As it pertains to the Department of Revenue, this fiscal note specifically addresses the income tax revenue implications of creating a new income tax credit for eligible individuals who complete an apprenticeship program that is approved by the Department of Workforce Development (DWD).

The credit is equal to \$500 per claimant in the year of completion and first applies to taxable years beginning after December 31, 2023.

Data from the DWD registered apprenticeship system indicates that there have been about 4,000 apprenticeship registrants per year in recent years, but there is a cancellation rate of about 38%. This suggests that there may be approximately 2,480 eligible individuals completing apprenticeships each year. Applying a \$500 credit per person suggests a revenue loss of \$1.2 million per year. To the extent that individuals do not use the entire credit to offset tax, the revenue reduction would be smaller.

According to the American Rescue Plan Act (ARPA) Net Tax Reduction Calculation Update memo released by the Department of Administration on 8/28/2023, the remaining margin for tax reductions before triggering potential SLFRF recoupment at \$113 million for fiscal year 2024 and \$319 million for fiscal year 2025. This bill would reduce these margins by the amount of fiscal effect.

### Long-Range Fiscal Implications

## Fiscal Estimate Worksheet - 2023 Session

Detailed Estimate of Annual Fiscal Effect

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<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. 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	\$
GPR Earned	
FED	
PRO/PRS	
SEG/SEG-S	
<b>TOTAL State Revenues</b>	<b>\$</b>
<b>NET ANNUALIZED FISCAL IMPACT</b>	
	<u>State</u>
	<u>Local</u>
NET CHANGE IN COSTS	\$
NET CHANGE IN REVENUE	\$See Text
<b>Agency/Prepared By</b>	<b>Authorized Signature</b>
DOR/ Bradley Caruth (608) 261-8984	Michael Oakleaf (608) 261-5173
	<b>Date</b>
	12/15/2023