



## Legislative Fiscal Bureau

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February 13, 2018

TO: Members  
Joint Committee on Finance

FROM: Bob Lang, Director

SUBJECT: Assembly Bill 734 and Senate Bill 620 -- Income and Franchise Tax Deduction for Tuition Paid for Apprenticeship Programs

Assembly Bill 734 was introduced on December 7, 2017, and was referred to the Assembly Committee on Workforce Development. On January 25, 2018, that committee recommended passage of the bill on a vote of 9 to 5, and the bill was referred to the Joint Committee on Finance. Senate Bill 620 is an identical companion bill that was introduced on December 7, 2017, and was referred to the Senate Committee on Revenue, Financial Institutions, and Rural Issues.

### SUMMARY OF BILLS

AB 734/SB 620 would create the following income and franchise tax deductions for taxable years beginning after December 31, 2017:

a. Under the individual income tax, an individual could deduct tuition expenses that are paid by a claimant, in the year to which the claim relates, for either the claimant or the dependent of a claimant that is claimed on the claimant's federal income tax return, or both, to participate in an apprenticeship program approved by the Department of Workforce Development (DWD).

b. Under the corporate income/franchise tax, a person could deduct 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 approved by DWD.

### FISCAL EFFECT

Based on data provided in the fiscal note prepared by the Department of Revenue (DOR), approximately 11,700 apprentices in Wisconsin participate in apprenticeship programs approved by DWD. Approximately 5,800 of those apprentices are enrolled in programs at a Wisconsin Technical College System (WTCS) school with annual tuition expenses of approximately \$650 per

student. For the 5,900 apprentices participating in programs with entities other than WTCS, tuition is approximately \$2,000 annually per apprentice. It is estimated that the bills would reduce state tax revenues by \$800,000 annually, beginning in 2018-19.

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