

### Fiscal Estimate - 2021 Session

Original                     
  Updated                     
  Corrected                     
  Supplemental

<b>LRB Number</b> <b>21-0717/2</b>	<b>Introduction Number</b> <b>SB-125</b>
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**Description**  
 creating an individual income tax subtraction for tuition paid for apprenticeship programs

**Fiscal Effect**

**State:**

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

**Local:**

<input type="checkbox"/> No Local Government Costs		
<input type="checkbox"/> Indeterminate		
1. <input type="checkbox"/> Increase Costs	3. <input type="checkbox"/> Increase Revenue	<b>5.Types of Local Government Units Affected</b> <input type="checkbox"/> Towns <input type="checkbox"/> Village <input type="checkbox"/> Cities <input type="checkbox"/> Counties <input type="checkbox"/> Others <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	
2. <input type="checkbox"/> Decrease Costs	4. <input type="checkbox"/> Decrease Revenue	
<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> DOR/ Bradley Caruth (608) 261-8984	<b>Authorized Signature</b> Ann DeGarmo (608) 266-7179	<b>Date</b> 2/25/2021
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## Fiscal Estimate Narratives

DOR 2/25/2021

LRB Number	21-0717/2	Introduction Number	SB-125	Estimate Type	Original
<b>Description</b> creating an individual income tax subtraction for tuition paid for apprenticeship programs					

### Assumptions Used in Arriving at Fiscal Estimate

The bill creates an income tax deduction for tuition expenses paid by an individual for the individual or their dependent 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, 2020.

Based on data from the Department of Workforce Development there were approximately 14,200 apprentices in Wisconsin in 2020. Approximately 7,300 were enrolled in programs at a Wisconsin Technical College System (WTCS) school and paid a total of about \$4.7 million in tuition for these programs, or \$650 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 \$235,000 annually (\$4.7 million x 5%).

The remaining 6,900 apprentices are in apprenticeship programs with entities other than the WTCS. These are typically run by industry groups. If tuition in these programs averages approximately \$2,000 annually, and the same 5 percent marginal tax rate applies, the deduction for these apprentices would result in a revenue decrease of \$690,000.

The combined fiscal effect would be an annual reduction in income tax revenue of approximately \$925,000 (\$235,000 + \$690,000). The fiscal effect will be lower to the extent that tuition is paid using funds from a college savings account or by an employer or other unrelated individual.

### Long-Range Fiscal Implications

## Fiscal Estimate Worksheet - 2021 Session

Detailed Estimate of Annual Fiscal Effect

Original
  Updated
  Corrected
  Supplemental

<b>LRB Number</b> 21-0717/2	<b>Introduction Number</b> SB-125	
<b>Description</b> creating an individual income tax subtraction 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	\$	\$
GPR Earned		
FED		
PRO/PRS		
SEG/SEG-S		
<b>TOTAL State Revenues</b>	<b>\$</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>	<b>Date</b>
DOR/ Bradley Caruth (608) 261-8984	Ann DeGarmo (608) 266-7179	2/25/2021