



## 2005 ASSEMBLY BILL 118

February 22, 2005 - Introduced by Representatives LOEFFELHOLZ, GRONEMUS, AINSWORTH, KERKMAN, VAN ROY, ALBERS, FIELDS, FREESE, JENSEN, TOWNSEND, OTT, VOS, JESKEWITZ, GUNDERSON, PETTIS and DAVIS, cosponsored by Senators GROTHMAN, ROESSLER and KANAVAS. Referred to Committee on Workforce Development.

1     **AN ACT** *to amend* 71.05 (6) (a) 15., 71.21 (4), 71.26 (2) (a), 71.34 (1) (g), 71.45 (2)  
2           (a) 10. and 77.92 (4); and *to create* 71.07 (5e), 71.10 (4) (cp), 71.28 (5e), 71.30  
3           (3) (dm), 71.47 (5e) and 71.49 (1) (dm) of the statutes; **relating to:** an income  
4           tax and franchise tax credit for training apprentices.

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### *Analysis by the Legislative Reference Bureau*

This bill creates an income tax and franchise tax credit for an employer that pays wages to an apprentice who is participating in a two-year to five-year apprenticeship program in which the apprentice is receiving instruction leading to qualification as a skilled journeyman in any of the five industrial manufacturing trades; any of the five private sector service occupations; or any of the five construction trades; with the most projected job openings for new entrants, as determined by the Department of Workforce Development. The amount of the credit is 5 percent of the wages that are paid to an apprentice in a taxable year, but cannot exceed \$1,400, except that, in the taxable year in which the apprentice completes the apprenticeship program, the amount of the credit is 8 percent of the wages that are paid to an apprentice, but cannot exceed \$3,000. Generally, no employer may claim the credit for taxable years beginning after December 31, 2008, if the number of employers training apprentices does not increase by more than 40 percent from January 1, 2006, to December 31, 2008.

**ASSEMBLY BILL 118**

For further information see the *state* fiscal estimate, which will be printed as an appendix to this bill.

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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) 15. of the statutes is amended to read:

2           71.05 (6) (a) 15. The amount of the credits computed under s. 71.07 (2dd), (2de),  
3           (2di), (2dj), (2dL), (2dm), (2dr), (2ds), (2dx), (3g), (3n), (3s), (3t), (5b), and (5d), and (5e)  
4           and not passed through by a partnership, limited liability company, or tax-option  
5           corporation that has added that amount to the partnership’s, company’s, or  
6           tax-option corporation’s income under s. 71.21 (4) or 71.34 (1) (g).

7           **SECTION 2.** 71.07 (5e) of the statutes is created to read:

8           71.07 (5e) INDUSTRIAL, SERVICE, AND SKILLED TRADES APPRENTICESHIP CREDIT. (a)  
9           In this subsection:

10           1. “Apprentice” means a person who participates in a 2-year to 5-year  
11           apprenticeship program, as determined and approved by the department, in which  
12           the person receives instruction leading to qualification as a skilled journeyman in an  
13           industrial manufacturing trade, construction trade, or private sector service  
14           occupation, if the apprenticeship program provides instruction related to any of the  
15           5 manufacturing trades; any of the 5 construction trades; or any of the 5 private  
16           sector service occupations; with the most projected job openings for new entrants, as  
17           determined by the department.

18           2. “Claimant” means a person who files a claim under this subsection and who  
19           is a trades trainer, as determined and approved by the department.

20           3. “Department” means the department of workforce development.

**ASSEMBLY BILL 118**

1           (b) Subject to the limitations provided in this subsection, for taxable years  
2 beginning after December 31, 2005, a claimant may claim as a credit against the  
3 taxes imposed under s. 71.02 an amount that is equal to 5 percent of the wages that  
4 the claimant paid to an apprentice in the taxable year, but the amount of the credit  
5 may not exceed \$1,400 for each apprentice, except that a claimant may claim as a  
6 credit against the taxes imposed under s. 71.02 an amount that is equal to 8 percent  
7 of the wages that the claimant paid to an apprentice in the taxable year in which the  
8 apprentice completes an apprenticeship program, but the amount of the credit may  
9 not exceed \$3,000 for each apprentice.

10           (bm) With respect to an apprentice who is employed in a full-time job as an  
11 apprentice, no person may claim a credit under this subsection and sub. (2dx) for the  
12 same job.

13           (c) This subsection does not apply to taxable years that begin after December  
14 31, 2008, if the number of employers training apprentices in department-approved  
15 programs does not increase by more than 40 percent from January 1, 2006, to  
16 December 31, 2008, as determined by the department, except that a claimant who  
17 has claimed a credit for an apprentice's wages in any taxable year beginning before  
18 January 1, 2009, may continue to claim a credit for the apprentice's wages in  
19 succeeding taxable years, until the apprentice completes the apprenticeship  
20 program. As soon as practicable after December 31, 2008, the department shall  
21 certify to the department of revenue the number of employers training apprentices  
22 in approved programs on January 1, 2006, and the number of employers training  
23 apprentices in approved programs on December 31, 2008.

24           (d) The carry-over provisions of s. 71.28 (4) (e) and (f), as they apply to the credit  
25 under s. 71.28 (4), apply to the credit under this subsection.

**ASSEMBLY BILL 118****SECTION 2**

1 (e) Partnerships, limited liability companies, and tax-option corporations may  
2 not claim the credit under this subsection, but the eligibility for, and the amount of,  
3 the credit are based on their payment of wages under par. (b). A partnership, limited  
4 liability company, or tax-option corporation shall compute the amount of credit that  
5 each of its partners, members, or shareholders may claim and shall provide that  
6 information to each of them. Partners, members of limited liability companies, and  
7 shareholders of tax-option corporations may claim the credit in proportion to their  
8 ownership interests.

9 (f) Section 71.28 (4) (g) and (h), as it applies to the credit under s. 71.28 (4),  
10 applies to the credit under this subsection.

11 **SECTION 3.** 71.10 (4) (cp) of the statutes is created to read:

12 71.10 (4) (cp) Industrial, service, and skilled trades apprenticeship credit  
13 under s. 71.07 (5e).

14 **SECTION 4.** 71.21 (4) of the statutes is amended to read:

15 71.21 (4) Credits computed by a partnership under s. 71.07 (2dd), (2de), (2di),  
16 (2dj), (2dL), (2dm), (2ds), (2dx), (3g), (3n), (3s), (3t), ~~and (5b), and (5e)~~ and passed  
17 through to partners shall be added to the partnership's income.

18 **SECTION 5.** 71.26 (2) (a) of the statutes is amended to read:

19 71.26 (2) (a) *Corporations in general.* The "net income" of a corporation means  
20 the gross income as computed under the Internal Revenue Code as modified under  
21 sub. (3) minus the amount of recapture under s. 71.28 (1di) plus the amount of credit  
22 computed under s. 71.28 (1), (3), (4), and (5) minus, as provided under s. 71.28 (3) (c)  
23 7., the amount of the credit under s. 71.28 (3) that the taxpayer added to income  
24 under this paragraph at the time that the taxpayer first claimed the credit plus the  
25 amount of the credit computed under s. 71.28 (1dd), (1de), (1di), (1dj), (1dL), (1dm),

**ASSEMBLY BILL 118**

1 (1ds), (1dx), (3g), (3n), (3t), ~~and (5b)~~, and (5e) and not passed through by a  
2 partnership, limited liability company, or tax-option corporation that has added that  
3 amount to the partnership's, limited liability company's, or tax-option corporation's  
4 income under s. 71.21 (4) or 71.34 (1) (g) plus the amount of losses from the sale or  
5 other disposition of assets the gain from which would be wholly exempt income, as  
6 defined in sub. (3) (L), if the assets were sold or otherwise disposed of at a gain and  
7 minus deductions, as computed under the Internal Revenue Code as modified under  
8 sub. (3), plus or minus, as appropriate, an amount equal to the difference between  
9 the federal basis and Wisconsin basis of any asset sold, exchanged, abandoned, or  
10 otherwise disposed of in a taxable transaction during the taxable year, except as  
11 provided in par. (b) and s. 71.45 (2) and (5).

12 **SECTION 6.** 71.28 (5e) of the statutes is created to read:

13 71.28 **(5e)** INDUSTRIAL, SERVICE, AND SKILLED TRADES APPRENTICESHIP CREDIT. (a)

14 In this subsection:

15 1. "Apprentice" means a person who participates in a 2-year to 5-year  
16 apprenticeship program, as determined and approved by the department, in which  
17 the person receives instruction leading to qualification as a skilled journeyman in an  
18 industrial manufacturing trade, construction trade, or private sector service  
19 occupation, if the apprenticeship program provides instruction related to any of the  
20 5 manufacturing trades; any of the 5 construction trades; or any of the 5 private  
21 sector service occupations; with the most projected job openings for new entrants, as  
22 determined by the department.

23 2. "Claimant" means a person who files a claim under this subsection and who  
24 is a trades trainer, as determined and approved by the department.

25 3. "Department" means the department of workforce development.

**ASSEMBLY BILL 118****SECTION 6**

1           (b) Subject to the limitations provided in this subsection, for taxable years  
2 beginning after December 31, 2005, a claimant may claim as a credit against the  
3 taxes imposed under s. 71.23 an amount that is equal to 5 percent of the wages that  
4 the claimant paid to an apprentice in the taxable year, but the amount of the credit  
5 may not exceed \$1,400 for each apprentice, except that a claimant may claim as a  
6 credit against the taxes imposed under s. 71.23 an amount that is equal to 8 percent  
7 of the wages that the claimant paid to an apprentice in the taxable year in which the  
8 apprentice completes an apprenticeship program, but the amount of the credit may  
9 not exceed \$3,000 for each apprentice.

10           (bm) With respect to an apprentice who is employed in a full-time job as an  
11 apprentice, no person may claim a credit under this subsection and sub. (1dx) for the  
12 same job.

13           (c) This subsection does not apply to taxable years that begin after December  
14 31, 2008, if the number of employers training apprentices in department-approved  
15 programs does not increase by more than 40 percent from January 1, 2006, to  
16 December 31, 2008, as determined by the department, except that a claimant who  
17 has claimed a credit for an apprentice's wages in any taxable year beginning before  
18 January 1, 2009, may continue to claim a credit for the apprentice's wages in  
19 succeeding taxable years, until the apprentice completes the apprenticeship  
20 program. As soon as practicable after December 31, 2008, the department shall  
21 certify to the department of revenue the number of employers training apprentices  
22 in approved programs on January 1, 2006, and the number of employers training  
23 apprentices in approved programs on December 31, 2008.

24           (d) The carry-over provisions of sub. (4) (e) and (f), as they apply to the credit  
25 under sub. (4), apply to the credit under this subsection.

**ASSEMBLY BILL 118**

1 (e) Partnerships, limited liability companies, and tax-option corporations may  
2 not claim the credit under this subsection, but the eligibility for, and the amount of,  
3 the credit are based on their payment of wages under par. (b). A partnership, limited  
4 liability company, or tax-option corporation shall compute the amount of credit that  
5 each of its partners, members, or shareholders may claim and shall provide that  
6 information to each of them. Partners, members of limited liability companies, and  
7 shareholders of tax-option corporations may claim the credit in proportion to their  
8 ownership interests.

9 (f) Subsection (4) (g) and (h), as it applies to the credit under sub. (4), applies  
10 to the credit under this subsection.

11 **SECTION 7.** 71.30 (3) (dm) of the statutes is created to read:

12 71.30 (3) (dm) The industrial, service, and skilled trades apprenticeship credit  
13 under s. 71.28 (5e).

14 **SECTION 8.** 71.34 (1) (g) of the statutes is amended to read:

15 71.34 (1) (g) An addition shall be made for credits computed by a tax-option  
16 corporation under s. 71.28 (1dd), (1de), (1di), (1dj), (1dL), (1dm), (1ds), (1dx), (3), (3g),  
17 (3n), (3t), ~~and (5b)~~, and (5e) and passed through to shareholders.

18 **SECTION 9.** 71.45 (2) (a) 10. of the statutes is amended to read:

19 71.45 (2) (a) 10. By adding to federal taxable income the amount of credit  
20 computed under s. 71.47 (1dd) to (1dx), (3n), ~~and (5b)~~, and (5e) and not passed  
21 through by a partnership, limited liability company, or tax-option corporation that  
22 has added that amount to the partnership's, limited liability company's, or  
23 tax-option corporation's income under s. 71.21 (4) or 71.34 (1) (g) and the amount of  
24 credit computed under s. 71.47 (1), (3), (3t), (4), and (5).

25 **SECTION 10.** 71.47 (5e) of the statutes is created to read:

**ASSEMBLY BILL 118****SECTION 10**

1           71.47 (5e) INDUSTRIAL, SERVICE, AND SKILLED TRADES APPRENTICESHIP CREDIT. (a)

2           In this subsection:

3           1. “Apprentice” means a person who participates in a 2-year to 5-year  
4           apprenticeship program, as determined and approved by the department, in which  
5           the person receives instruction leading to qualification as a skilled journeyman in  
6           any industrial manufacturing trade, construction trade, or private sector service  
7           occupation, if the apprenticeship program provides instruction related to any of the  
8           5 manufacturing trades; any of the 5 construction trades; or any of the 5 private  
9           sector service occupations; with the most projected job openings for new entrants, as  
10          determined by the department.

11          2. “Claimant” means a person who files a claim under this subsection and who  
12          is a trades trainer, as determined and approved by the department.

13          3. “Department” means the department of workforce development.

14          (b) Subject to the limitations provided in this subsection, for taxable years  
15          beginning after December 31, 2005, a claimant may claim as a credit against the  
16          taxes imposed under s. 71.43 an amount that is equal to 5 percent of the wages that  
17          the claimant paid to an apprentice in the taxable year, but the amount of the credit  
18          may not exceed \$1,400 for each apprentice, except that a claimant may claim as a  
19          credit against the taxes imposed under s. 71.43 an amount that is equal to 8 percent  
20          of the wages that the claimant paid to an apprentice in the taxable year in which the  
21          apprentice completes an apprenticeship program, but the amount of the credit may  
22          not exceed \$3,000 for each apprentice.

23          (bm) With respect to an apprentice who is employed in a full-time job as an  
24          apprentice, no person may claim a credit under this subsection and sub. (1dx) for the  
25          same job.



**ASSEMBLY BILL 118****SECTION 10**

1 (c) This subsection does not apply to taxable years that begin after December  
2 31, 2008, if the number of employers training apprentices in department-approved  
3 programs does not increase by more than 40 percent from January 1, 2006, to  
4 December 31, 2008, as determined by the department, except that a claimant who  
5 has claimed a credit for an apprentice's wages in any taxable year beginning before  
6 January 1, 2009, may continue to claim a credit for the apprentice's wages in  
7 succeeding taxable years, until the apprentice completes the apprenticeship  
8 program. As soon as practicable after December 31, 2008, the department shall  
9 certify to the department of revenue the number of employers training apprentices  
10 in approved programs on January 1, 2006, and the number of employers training  
11 apprentices in approved programs on December 31, 2008.

12 (d) The carry-over provisions of s. 71.28 (4) (e) and (f), as they apply to the credit  
13 under s. 71.28 (4), apply to the credit under this subsection.

14 (e) Partnerships, limited liability companies, and tax-option corporations may  
15 not claim the credit under this subsection, but the eligibility for, and the amount of,  
16 the credit are based on their payment of wages under par. (b). A partnership, limited  
17 liability company, or tax-option corporation shall compute the amount of credit that  
18 each of its partners, members, or shareholders may claim and shall provide that  
19 information to each of them. Partners, members of limited liability companies, and  
20 shareholders of tax-option corporations may claim the credit in proportion to their  
21 ownership interests.

22 (f) Section 71.28 (4) (g) and (h), as it applies to the credit under s. 71.28 (4),  
23 applies to the credit under this subsection.

24 **SECTION 11.** 71.49 (1) (dm) of the statutes is created to read:

