



State of Wisconsin
2011 - 2012 LEGISLATURE



LRB-2123/2
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2011 ASSEMBLY BILL 587

February 20, 2012 – Introduced by Representatives JACQUE, KERKMAN, FIELDS, BIES, BROOKS, KRUG, MURSAU, PRIDEMORE, SPANBAUER, STROEBEL and TOLES, cosponsored by Senator GROTHMAN. Referred to Committee on Ways and Means.

1 **AN ACT** *to amend* 71.05 (6) (a) 15., 71.05 (6) (b) 47. b., 71.21 (4), 71.26 (2) (a) 4.,
2 71.34 (1k) (g), 71.45 (2) (a) 10. and 77.92 (4); and *to create* 71.07 (5p), 71.10 (4)
3 (cs), 71.28 (5p), 71.30 (3) (dr), 71.47 (5p) and 71.49 (1) (dr) of the statutes;
4 **relating to:** an income tax and franchise tax credit for training apprentices.

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, 2014, if the number of employers training apprentices does not increase by more than 40 percent from January 1, 2012, to December 31, 2014.

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

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, as affected by 2011 Wisconsin Act
2 32, is amended to read:

3 71.05 (6) (a) 15. The amount of the credits computed under s. 71.07 (2dd), (2de),
4 (2di), (2dj), (2dL), (2dm), (2dr), (2ds), (2dx), (2dy), (3g), (3h), (3n), (3p), (3q), (3r),
5 (3rm), (3rn), (3s), (3t), (3w), (5e), (5f), (5h), (5i), (5j), (5k), (5n), (5p), (5r), (5rm), and
6 (8r) and not passed through by a partnership, limited liability company, or
7 tax-option corporation that has added that amount to the partnership's, company's,
8 or tax-option corporation's income under s. 71.21 (4) or 71.34 (1k) (g).

9 **SECTION 2.** 71.05 (6) (b) 47. b. of the statutes, as affected by 2011 Wisconsin Act
10 10, is amended to read:

11 71.05 (6) (b) 47. b. With respect to partners and members of limited liability
12 companies, for taxable years beginning after December 31, 2010, for 2 consecutive
13 taxable years beginning with the taxable year in which the partnership's or limited
14 liability company's business locates to this state from another state or another
15 country and begins doing business in this state, as defined in s. 71.22 (1r), and subject
16 to the limitations provided under subd. 47. d. and e., the partner's or member's
17 distributive share of taxable income as calculated under section 703 of the Internal
18 Revenue Code; plus the items of income and gain under section 702 of the Internal
19 Revenue Code, including taxable state and municipal bond interest and excluding
20 nontaxable interest income or dividend income from federal government obligations;
21 minus the items of loss and deduction under section 702 of the Internal Revenue

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1 Code, except items that are not deductible under s. 71.21; plus guaranteed payments
2 to partners under section 707 (c) of the Internal Revenue Code; plus the credits
3 claimed under s. 71.07 (2dd), (2de), (2di), (2dj), (2dL), (2dm), (2dr), (2ds), (2dx), (2dy),
4 (3g), (3h), (3n), (3p), (3q), (3r), (3rm), (3rn), (3s), (3t), (3w), (5e), (5f), (5g), (5h), (5i),
5 (5j), (5k), (5p), (5r), (5rm), and (8r); and plus or minus, as appropriate, transitional
6 adjustments, depreciation differences, and basis differences under s. 71.05 (13), (15),
7 (16), (17), and (19), multiplied by the apportionment fraction determined in s. 71.04
8 (4) and subject to s. 71.04 (7) or by separate accounting. No amounts subtracted
9 under this subd. 47. b. may be included in the modification under par. (b) 9. or 9m.

10 **SECTION 3.** 71.07 (5p) of the statutes is created to read:

11 71.07 **(5p)** INDUSTRIAL, SERVICE, AND SKILLED TRADES APPRENTICESHIP CREDIT. (a)

12 *Definitions.* In this subsection:

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

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

ASSEMBLY BILL 587**SECTION 3**

1 (b) *Filing claims.* Subject to the limitations provided in this subsection, for
2 taxable years beginning after December 31, 2011, a claimant may claim as a credit
3 against the taxes imposed under s. 71.02 an amount that is equal to 5 percent of the
4 wages that the claimant paid to an apprentice in the taxable year, but the amount
5 of the credit may not exceed \$1,400 for each apprentice, except that a claimant may
6 claim as a credit against the taxes imposed under s. 71.02 an amount that is equal
7 to 8 percent of the wages that the claimant paid to an apprentice in the taxable year
8 in which the apprentice completes an apprenticeship program, but the amount of the
9 credit may not exceed \$3,000 for each apprentice.

10 (c) *Limitations.* 1. With respect to an apprentice who is employed in a full-time
11 job as an apprentice, no person may claim a credit under this subsection and sub.
12 (2dx) or (2dy) for the same job.

13 2. This subsection does not apply to taxable years that begin after December
14 31, 2014, if the number of employers training apprentices in programs approved by
15 the department of workforce development does not increase by more than 40 percent
16 from January 1, 2012, to December 31, 2014, as determined by the department of
17 workforce development, except that a claimant who has claimed a credit for an
18 apprentice's wages in any taxable year beginning before January 1, 2015, may
19 continue to claim a credit for the apprentice's wages in succeeding taxable years,
20 until the apprentice completes the apprenticeship program. As soon as practicable
21 after December 31, 2014, the department of workforce development shall certify to
22 the department of revenue the number of employers training apprentices in
23 approved programs on January 1, 2012, and the number of employers training
24 apprentices in approved programs on December 31, 2014.

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1 3. 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 (d) *Administration.* Section 71.28 (4) (e) to (h), as it applies to the credit under
10 s. 71.28 (4), applies to the credit under this subsection.

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

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

14 **SECTION 5.** 71.21 (4) of the statutes, as affected by 2011 Wisconsin Act 32, is
15 amended to read:

16 71.21 (4) Credits computed by a partnership under s. 71.07 (2dd), (2de), (2di),
17 (2dj), (2dL), (2dm), (2ds), (2dx), (2dy), (3g), (3h), (3n), (3p), (3q), (3r), (3rm), (3rn), (3s),
18 (3t), (3w), (5e), (5f), (5g), (5h), (5i), (5j), (5k), (5n), (5p), (5r), (5rm), and (8r) and passed
19 through to partners shall be added to the partnership's income.

20 **SECTION 6.** 71.26 (2) (a) 4. of the statutes, as affected by 2011 Wisconsin Act 32,
21 is amended to read:

22 71.26 (2) (a) 4. Plus the amount of the credit computed under s. 71.28 (1dd),
23 (1de), (1di), (1dj), (1dL), (1dm), (1ds), (1dx), (1dy), (3g), (3h), (3n), (3p), (3q), (3r),
24 (3rm), (3rn), (3t), (3w), (5e), (5f), (5g), (5h), (5i), (5j), (5k), (5n), (5p), (5r), (5rm), (8r),
25 and (9s) and not passed through by a partnership, limited liability company, or

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1 tax-option corporation that has added that amount to the partnership's, limited
2 liability company's, or tax-option corporation's income under s. 71.21 (4) or 71.34 (1k)
3 (g).

4 **SECTION 7.** 71.28 (5p) of the statutes is created to read:

5 71.28 (5p) INDUSTRIAL, SERVICE, AND SKILLED TRADES APPRENTICESHIP CREDIT. (a)

6 *Definitions.* In this subsection:

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

16 2. "Claimant" means a person who files a claim under this subsection and who
17 is a trades trainer, as determined and approved by the department of workforce
18 development.

19 (b) *Filing claims.* Subject to the limitations provided in this subsection, for
20 taxable years beginning after December 31, 2011, a claimant may claim as a credit
21 against the taxes imposed under s. 71.23 an amount that is equal to 5 percent of the
22 wages that the claimant paid to an apprentice in the taxable year, but the amount
23 of the credit may not exceed \$1,400 for each apprentice, except that a claimant may
24 claim as a credit against the taxes imposed under s. 71.23 an amount that is equal
25 to 8 percent of the wages that the claimant paid to an apprentice in the taxable year

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1 in which the apprentice completes an apprenticeship program, but the amount of the
2 credit may not exceed \$3,000 for each apprentice.

3 (c) *Limitations.* 1. With respect to an apprentice who is employed in a full-time
4 job as an apprentice, no person may claim a credit under this subsection and sub.
5 (1dx) or (1dy) for the same job.

6 2. This subsection does not apply to taxable years that begin after December
7 31, 2014, if the number of employers training apprentices in programs approved by
8 the department of workforce development does not increase by more than 40 percent
9 from January 1, 2012, to December 31, 2014, as determined by the department of
10 workforce development, except that a claimant who has claimed a credit for an
11 apprentice's wages in any taxable year beginning before January 1, 2015, may
12 continue to claim a credit for the apprentice's wages in succeeding taxable years,
13 until the apprentice completes the apprenticeship program. As soon as practicable
14 after December 31, 2014, the department of workforce development shall certify to
15 the department of revenue the number of employers training apprentices in
16 approved programs on January 1, 2012, and the number of employers training
17 apprentices in approved programs on December 31, 2014.

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

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1 (d) *Administration*. Subsection (4) (e) to (h), as it applies to the credit under
2 sub. (4), applies to the credit under this subsection.

3 **SECTION 8.** 71.30 (3) (dr) of the statutes is created to read:

4 71.30 (3) (dr) The industrial, service, and skilled trades apprenticeship credit
5 under s. 71.28 (5p).

6 **SECTION 9.** 71.34 (1k) (g) of the statutes, as affected by 2011 Wisconsin Act 32,
7 is amended to read:

8 71.34 (1k) (g) An addition shall be made for credits computed by a tax-option
9 corporation under s. 71.28 (1dd), (1de), (1di), (1dj), (1dL), (1dm), (1ds), (1dx), (1dy),
10 (3), (3g), (3h), (3n), (3p), (3q), (3r), (3rm), (3rn), (3t), (3w), (5e), (5f), (5g), (5h), (5i), (5j),
11 (5k), (5n), (5p), (5r), (5rm), and (8r) and passed through to shareholders.

12 **SECTION 10.** 71.45 (2) (a) 10. of the statutes, as affected by 2011 Wisconsin Act
13 32, is amended to read:

14 71.45 (2) (a) 10. By adding to federal taxable income the amount of credit
15 computed under s. 71.47 (1dd) to (1dy), (3g), (3h), (3n), (3p), (3q), (3r), (3rm), (3rn),
16 (3w), (5e), (5f), (5g), (5h), (5i), (5j), (5k), (5n), (5p), (5r), (5rm), (8r), and (9s) and not
17 passed through by a partnership, limited liability company, or tax-option
18 corporation that has added that amount to the partnership's, limited liability
19 company's, or tax-option corporation's income under s. 71.21 (4) or 71.34 (1k) (g) and
20 the amount of credit computed under s. 71.47 (1), (3), (3t), (4), (4m), and (5).

21 **SECTION 11.** 71.47 (5p) of the statutes is created to read:

22 71.47 (5p) INDUSTRIAL, SERVICE, AND SKILLED TRADES APPRENTICESHIP CREDIT. (a)
23 *Definitions*. In this subsection:

24 1. "Apprentice" means a person who participates in a 2-year to 5-year
25 apprenticeship program, as determined and approved by the department of

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1 workforce development, in which the person receives instruction leading to
2 qualification as a skilled journeyman in an industrial manufacturing trade,
3 construction trade, or private sector service occupation, if the apprenticeship
4 program provides instruction related to any of the 5 manufacturing trades; any of the
5 5 construction trades; or any of the 5 private sector service occupations; with the most
6 projected job openings for new entrants, as determined by the department of
7 workforce development.

8 2. "Claimant" means a person who files a claim under this subsection and who
9 is a trades trainer, as determined and approved by the department of workforce
10 development.

11 (b) *Filing claims.* Subject to the limitations provided in this subsection, for
12 taxable years beginning after December 31, 2011, a claimant may claim as a credit
13 against the taxes imposed under s. 71.43 an amount that is equal to 5 percent of the
14 wages that the claimant paid to an apprentice in the taxable year, but the amount
15 of the credit may not exceed \$1,400 for each apprentice, except that a claimant may
16 claim as a credit against the taxes imposed under s. 71.43 an amount that is equal
17 to 8 percent of the wages that the claimant paid to an apprentice in the taxable year
18 in which the apprentice completes an apprenticeship program, but the amount of the
19 credit may not exceed \$3,000 for each apprentice.

20 (c) *Limitations.* 1. With respect to an apprentice who is employed in a full-time
21 job as an apprentice, no person may claim a credit under this subsection and sub.
22 (1dx) or (1dy) for the same job.

23 2. This subsection does not apply to taxable years that begin after December
24 31, 2014, if the number of employers training apprentices in programs approved by
25 the department of workforce development does not increase by more than 40 percent

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1 from January 1, 2012, to December 31, 2014, as determined by the department of
2 workforce development, except that a claimant who has claimed a credit for an
3 apprentice's wages in any taxable year beginning before January 1, 2015, may
4 continue to claim a credit for the apprentice's wages in succeeding taxable years,
5 until the apprentice completes the apprenticeship program. As soon as practicable
6 after December 31, 2014, the department of workforce development shall certify to
7 the department of revenue the number of employers training apprentices in
8 approved programs on January 1, 2012, and the number of employers training
9 apprentices in approved programs on December 31, 2014.

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

18 (d) *Administration.* Section 71.28 (4) (e) to (h), as it applies to the credit under
19 s. 71.28 (4), applies to the credit under this subsection.

20 **SECTION 12.** 71.49 (1) (dr) of the statutes is created to read:

21 71.49 (1) (dr) Industrial, service, and skilled trades apprenticeship credit
22 under s. 71.47 (5p).

23 **SECTION 13.** 77.92 (4) of the statutes, as affected by 2011 Wisconsin Act 32, is
24 amended to read:

