

Fiscal Estimate Narratives

DOR 12/15/2023

LRB Number	23-2324/1	Introduction Number	AB-0779	Estimate Type	Original
Description 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

Original
 Updated
 Corrected
 Supplemental

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I. One-time Costs or Revenue Impacts for State and/or Local Government (do not include in annualized fiscal effect):		
II. Annualized Costs:		
	Annualized Fiscal Impact on funds from:	
	Increased Costs	Decreased Costs
A. State Costs by Category		
State Operations - Salaries and Fringes	\$	\$
(FTE Position Changes)		
State Operations - Other Costs		
Local Assistance		
Aids to Individuals or Organizations		
TOTAL State Costs by Category	\$	\$
B. State Costs by Source of Funds		
GPR		
FED		
PRO/PRS		
SEG/SEG-S		
III. State Revenues - Complete this only when proposal will increase or decrease state revenues (e.g., tax increase, decrease in license fee, etc.)		
	Increased Rev	Decreased Rev
GPR Taxes	\$	\$
GPR Earned		
FED		
PRO/PRS		
SEG/SEG-S		
TOTAL State Revenues	\$	\$
NET ANNUALIZED FISCAL IMPACT		
	<u>State</u>	<u>Local</u>
NET CHANGE IN COSTS	\$	\$
NET CHANGE IN REVENUE	\$See Text	\$
Agency/Prepared By		
Authorized Signature		Date
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		12/15/2023