

Fiscal Estimate - 2021 Session

Original
 Updated
 Corrected
 Supplemental

LRB Number 21-1789/2	Introduction Number AB-0115
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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	5. Types of Local Government Units Affected	
1. <input type="checkbox"/> Increase Costs	3. <input type="checkbox"/> Increase Revenue	<input type="checkbox"/> Towns <input type="checkbox"/> Village <input type="checkbox"/> Cities
<input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	<input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	<input type="checkbox"/> Counties <input type="checkbox"/> Others
2. <input type="checkbox"/> Decrease Costs	4. <input type="checkbox"/> Decrease Revenue	<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	

Fund Sources Affected	Affected Ch. 20 Appropriations
<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	

Agency/Prepared By DOR/ Bradley Caruth (608) 261-8984	Authorized Signature Michael Oakleaf (608) 261-5173	Date 2/25/2021
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Fiscal Estimate Narratives

DOR 2/25/2021

LRB Number	21-1789/2	Introduction Number	AB-0115	Estimate Type	Original
Description 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

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Description creating an individual income tax subtraction for tuition paid for apprenticeship programs			
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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