



State of Wisconsin
2011 – 2012 LEGISLATURE



LRB-2739/2
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2011 BILL

1 **AN ACT** *to amend* 38.28 (1m) (a) 1., 71.06 (1p) (e), 71.06 (2) (g) 5., 71.06 (2) (h)
2 5., 71.06 (2e) (b) and 71.09 (11) (f); and *to create* 20.292 (1) (cr), 38.31, 71.06 (1p)
3 (f), 71.06 (2) (g) 6. and 71.06 (2) (h) 6. of the statutes; **relating to:** grants to
4 technical college districts to reduce unemployment; creating a new individual
5 income tax upper bracket; providing an exemption from emergency rule
6 procedures; granting rule-making authority; and making appropriations.

Analysis by the Legislative Reference Bureau

This bill directs the Wisconsin Technical College System (WTCS) Board to award grants to technical college districts for programs that assist in reducing unemployment. To be eligible for a grant, a technical college district must meet certain eligibility criteria relating to the unemployment rate of areas within the district or recent increases in the unemployment rate of areas within the district. Grants are available for three specified purposes:

1. To recruit, enroll, instruct, provide support services to, and pay the tuition and fees of dislocated workers who enroll in the district. A dislocated worker is a person who has been laid off or terminated from employment and meets certain additional criteria; a person who was self-employed but is currently unemployed as a result of economic conditions or natural disasters; or a displaced homemaker.

2. To recruit, enroll, instruct, and provide support services to adults who enroll in the district in a program leading to a certificate of general educational development (commonly referred to as a GED) or a high school equivalency diploma.

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3. To expand existing capacity or create capacity in district programs for which there are student waiting lists or that address projected workforce needs in the district.

The bill authorizes the WTCS Board to modify the grant eligibility criteria and the purposes for which grants may be awarded in order to ensure the eligibility of district boards for grants awarded by the federal government for programs that improve completion rates and train workers for skilled occupations.

The bill directs the WTCS Board to give preference in awarding grants to programs that serve persons who reside in areas with the highest unemployment rates. The board must also submit annual reports to the governor and to the legislature regarding the programs that have been awarded grants.

Under current law, there are five income tax brackets for single individuals, certain fiduciaries, heads of households, and married persons. The brackets are indexed for inflation. The rate of taxation under current law for the lowest bracket for single individuals, certain fiduciaries, heads of households, and married persons is 4.6 percent of taxable income; the rate for the second bracket is 6.15 percent; the rate for the third bracket is 6.5 percent; the rate for the fourth bracket is 6.75 percent; and the rate for the highest bracket, which was created in the 2009–11 biennial budget act, 2009 Wisconsin Act 28, is 7.75 percent.

For taxable year 2011, the highest bracket applies to taxable income exceeding \$224,210 for single individuals, certain fiduciaries, and heads of households. For married persons, the highest current bracket applies to taxable income exceeding \$298,940 for joint filers and \$149,470 for separate filers.

For taxable year 2012 and thereafter, this bill creates a sixth bracket with a taxation rate of 8.75 percent. For single individuals, certain fiduciaries, and heads of households, this bracket applies to taxable income exceeding \$1,000,000. For married persons, this bracket applies to taxable income exceeding \$1,000,000 for joint filers and \$500,000 for separate filers. This bracket is indexed for inflation.

For further information see the *state and local* 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.** 20.005 (3) (schedule) of the statutes: at the appropriate place, insert
2 the following amounts for the purposes indicated:

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20.292 Technical college system board

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(1) TECHNICAL COLLEGE SYSTEM

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(cr) Grants to reduce unemployment GPR A –0– 35,800,000

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SECTION 2. 20.292 (1) (cr) of the statutes is created to read:

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20.292 **(1)** (cr) *Grants to reduce unemployment.* The amounts in the schedule for grants to technical college districts to reduce unemployment under s. 38.31.

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SECTION 3. 38.28 (1m) (a) 1. of the statutes is amended to read:

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38.28 **(1m)** (a) 1. “District aidable cost” means the annual cost of operating a technical college district, including debt service charges for district bonds and promissory notes for building programs or capital equipment, but excluding all expenditures relating to auxiliary enterprises and community service programs, all expenditures funded by or reimbursed with federal revenues, all receipts under sub. (6) and ss. 38.12 (9), 38.14 (3) and (9), 118.15 (2) (a), and 118.55 (7r), all receipts from grants awarded under ss. 38.04 (8), (20), (28), and (31), 38.14 (11), 38.26, 38.27, 38.31, 38.33, and 38.38, all fees collected under s. 38.24, and driver education and chauffeur training aids.

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SECTION 4. 38.31 of the statutes is created to read:

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38.31 Grants to reduce unemployment. (1) DEFINITIONS. In this section:

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(a) “Dislocated worker” has the meaning given in 29 USC 2801 (9).

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(b) “Micropolitan statistical area” means a geographic area defined by the federal office of management and budget for use by federal agencies in collecting, tabulating, and publishing federal statistics.

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1 **(2) ELIGIBILITY CRITERIA.** (a) Subject to par. (b) and sub. (6), a district board is
2 eligible for a grant under this section if it meets one or more of the following criteria:

3 1. The district includes a county, city, or micropolitan statistical area with an
4 unemployment rate of at least 6 percent in 2 or more months during the 12 months
5 preceding the date of the grant application

6 2. The district includes a county, city, or micropolitan statistical area with an
7 average unemployment rate equal to at least 120 percent of the statewide average
8 unemployment rate during the 12 months preceding the date of the grant
9 application.

10 3. The district includes a county, city, or micropolitan statistical area with an
11 unemployment rate that has increased by at least 2 percent during the 12 months
12 preceding the date of the grant application.

13 (b) The board may not award a grant to a district board under this section
14 unless the district board demonstrates how the grant will serve the area or areas that
15 established the eligibility of the district board for a grant under par. (a).

16 **(3) GRANTS.** Subject to sub. (6), the board shall award grants to eligible district
17 boards for the following purposes:

18 (a) To recruit, enroll, instruct, provide support services to, and pay the tuition
19 and fees of dislocated workers who enroll in the district in an associate degree
20 program, collegiate transfer program, vocational diploma program, or
21 vocational–adult program.

22 (b) To recruit, enroll, instruct, and provide support services to adults who enroll
23 in the district in a program leading to a certificate of general educational
24 development or a high school equivalency diploma.

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1 (c) To expand existing capacity or create capacity in district board programs for
2 which there are student waiting lists or that address projected workforce needs in
3 the district.

4 **(4) PREFERENCE.** The board shall give preference in awarding grants under this
5 section to district boards serving persons residing in areas with the highest
6 unemployment rates.

7 **(5) LIMITATION ON USE OF FUNDS.** A district board may not use a grant awarded
8 under this section to pay any portion of tuition that would otherwise be paid for by
9 a tuition remission, tuition waiver, tuition reimbursement, or any other financial aid
10 program of this state, another state, or the federal government.

11 **(6) COMPLIANCE WITH FEDERAL LAW.** The board may modify the eligibility criteria
12 under sub. (2) and the purposes for which grants may be awarded under sub. (3) in
13 order to ensure the eligibility of district boards for grants awarded by the federal
14 government for programs that improve completion rates and train workers for
15 skilled occupations.

16 **(7) REPORT.** (a) By January 15, 2013, and annually thereafter, the board shall
17 submit a report to the governor and to the legislature under s. 13.172 (2). The report
18 shall include all of the following:

19 1. The district boards awarded grants under this section and how they used the
20 funds.

21 2. The rates of unemployment in the areas in which the grants were disbursed.

22 3. The number of people who were assisted with each grant awarded, the
23 technical college programs in which they enrolled, the number of people who
24 completed such programs, the number of people who found employment in the
25 district and elsewhere upon completing such programs and their annual salaries,

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1 and the tax revenue generated as a result, as estimated by the department of
2 revenue.

3 (b) Beginning with the report submitted in 2014, the board shall include
4 longitudinal data.

5 **(8) RULES.** The board shall promulgate rules to implement and administer this
6 section.

7 **SECTION 5.** 71.06 (1p) (e) of the statutes is amended to read:

8 71.06 **(1p)** (e) On all taxable income exceeding \$225,000 but not exceeding
9 \$1,000,000, 7.75 percent.

10 **SECTION 6.** 71.06 (1p) (f) of the statutes is created to read:

11 71.06 **(1p)** (f) On all taxable income exceeding \$1,000,000, 8.75 percent.

12 **SECTION 7.** 71.06 (2) (g) 5. of the statutes is amended to read:

13 71.06 **(2)** (g) 5. On all taxable income exceeding \$300,000 but not exceeding
14 \$1,000,000, 7.75 percent.

15 **SECTION 8.** 71.06 (2) (g) 6. of the statutes is created to read:

16 71.06 **(2)** (g) 6. On all taxable income exceeding \$1,000,000, 8.75 percent.

17 **SECTION 9.** 71.06 (2) (h) 5. of the statutes is amended to read:

18 71.06 **(2)** (h) 5. On all taxable income exceeding \$150,000 but not exceeding
19 \$500,000, 7.75 percent.

20 **SECTION 10.** 71.06 (2) (h) 6. of the statutes is created to read:

21 71.06 **(2)** (h) 6. On all taxable income exceeding \$500,000, 8.75 percent.

22 **SECTION 11.** 71.06 (2e) (b) of the statutes is amended to read:

23 71.06 **(2e)** (b) For taxable years beginning after December 31, 2009, the
24 maximum dollar amount in each tax bracket, and the corresponding minimum dollar
25 amount in the next bracket, under subs. (1p) (d) and (e) and (2) (g) 4. and 5. and (h)

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1 4. and 5., and the dollar amount in the top bracket under subs. (1p) ~~(e)~~ (f) and (2) (g)
2 5. 6. and (h) 5. 6., shall be increased each year by a percentage equal to the percentage
3 change between the U.S. consumer price index for all urban consumers, U.S. city
4 average, for the month of August of the previous year and the U.S. consumer price
5 index for all urban consumers, U.S. city average, for the month of August 2008, as
6 determined by the federal department of labor, except that for taxable years
7 beginning after December 31, 2011, the adjustment may occur only if the resulting
8 amount is greater than the corresponding amount that was calculated for the
9 previous year. Each amount that is revised under this paragraph shall be rounded
10 to the nearest multiple of \$10 if the revised amount is not a multiple of \$10 or, if the
11 revised amount is a multiple of \$5, such an amount shall be increased to the next
12 higher multiple of \$10. The department of revenue shall annually adjust the changes
13 in dollar amounts required under this paragraph and incorporate the changes into
14 the income tax forms and instructions.

15 **SECTION 12.** 71.09 (11) (f) of the statutes is amended to read:

16 71.09 **(11)** (f) The taxpayer has underpaid the taxpayer's estimated taxes due
17 to the change in brackets under s. 71.06 (1p) (e) or (f) and (2) (g) 5. or 6. and (h) 5. or
18 6. This paragraph applies only in the first taxable year to which these bracket
19 changes apply.

20 **SECTION 9146. Nonstatutory provisions; Technical College System.**

21 (1) RULES. Using the procedure under section 227.24 of the statutes, the
22 technical college system board shall promulgate rules required under section 38.31
23 (8) of the statutes, as created by this act, for the period before the effective date of the
24 permanent rules promulgated under that section, but not to exceed the period
25 authorized under section 227.24 (1) (c) and (2) of the statutes. Notwithstanding

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1 section 227.24 (1) (a), (2) (b), and (3) of the statutes, the technical college system
2 board is not required to provide evidence that promulgating a rule under this
3 subsection as an emergency rule is necessary for the preservation of public peace,
4 health, safety, or welfare and is not required to provide a finding of an emergency for
5 a rule promulgated under this subsection.

SECTION 9246. Fiscal changes; Technical college system.

6 (1) STATE AID. In the schedule under section 20.005 (3) of the statutes for the
7 appropriation to the technical college system under section 20.292 (1) (d) of the
8 statutes, as affected by the acts of 2011, the dollar amount is increased by
9 \$34,200,000 for the second fiscal year of the fiscal biennium in which this subsection
10 takes effect for the purposes for which the appropriation is made.

SECTION 9343. Initial applicability; Revenue.

11 (1) INDIVIDUAL INCOME TAX BRACKETS. The treatment of sections 71.06 (1p) (e)
12 and (f) and (2) (g) 5. and 6. and (h) 5. and 6. and 71.09 (11) (f) of the statutes first
13 applies to taxable years beginning on January 1, 2012.
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16 (END)