

2009 BILL

1 **AN ACT** *to amend* 71.05 (6) (a) 15., 71.21 (4), 71.26 (2) (a) 4., 71.34 (1k) (g), 71.45
2 (2) (a) 10. and 77.92 (4); and *to create* 71.07 (5c), 71.10 (4) (cr), 71.28 (5c), 71.30
3 (3) (dr), 71.47 (5c) and 71.49 (1) (cr) of the statutes; **relating to:** an income and
4 franchise tax for hiring certain individuals.

Analysis by the Legislative Reference Bureau

This bill provides income and franchise tax credits for hiring the following individuals:

1. A veteran who is entitled to compensation for a service-connected disability and who is a member of a family receiving supplemental nutrition assistance.
2. An ex-felon.
3. An individual who is a vocational rehabilitation referral.
4. An individual who is participating in a program administered by any local workforce development board in this state.
5. An individual who is at least 16 years of age, but no more than 17 years of age, who is either a high school student or who graduates from high school during the taxable year for which a credit is claimed, and who is a member of a family whose Wisconsin taxable income is no more than 70 percent of the federal poverty line.

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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 2009 Wisconsin Act
2 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), (3r), (3s), (3t),
5 (3w), (5c), (5e), (5f), (5h), (5i), (5j), and (5k) and not passed through by a partnership,
6 limited liability company, or tax-option corporation that has added that amount to
7 the partnership's, company's, or tax-option corporation's income under s. 71.21 (4)
8 or 71.34 (1k) (g).

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

10 71.07 **(5c)** JOB OPPORTUNITIES CREDIT. (a) *Definitions.* In this subsection:

11 1. "Adult employee" means any of the following:

12 a. A qualified veteran, as defined in section 51 (d) (3) of the Internal Revenue
13 Code.

14 b. A qualified ex-felon, as defined in section 51 (d) (4) of the Internal Revenue
15 Code.

16 c. An individual who is a vocational rehabilitation referral, as defined in section
17 51 (d) (6) of the Internal Revenue Code.

18 2. "Claimant" means a person who files a claim under this subsection.

19 3. "Youth employee" means an individual who is at least 16 years of age, but
20 no more than 17 years of age, who is either a high school student or graduates from
21 high school during the taxable year for which a credit is claimed under this

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1 subsection, and who is a member of a family whose Wisconsin taxable income is no
2 more than 70 percent of the federal poverty line, as defined under 42 USC 9902 (2),
3 for a family the size of the individual's family.

4 (b) *Filing claims.* Subject to the limitations provided in this subsection, for
5 taxable years beginning after December 31, 2008, a claimant may claim as a credit
6 against the taxes imposed under s. 71.02, up to the amount of the taxes, any of the
7 following amounts that the claimant paid in the taxable year to an individual whom
8 the claimant hired in that taxable year, if the individual is employed in this state:

9 1. For taxable years beginning after December 31, 2008, but before January 1,
10 2010, 20 percent of the wages that the claimant paid to an adult employee, if the adult
11 employee worked at least 400 hours in the taxable year, including paid leave.

12 2. For taxable years beginning after December 31, 2008, but before January 1,
13 2010, 20 percent of the wages that the claimant paid to an individual who is
14 participating in a program administered by a local workforce development board in
15 this state, as established under 29 USC 2832, if the individual worked at least 400
16 hours in the taxable year, including paid leave.

17 3. For taxable years beginning after December 31, 2009, 20 percent of the wages
18 that the claimant paid to an adult employee, if the adult employee worked at least
19 1,560 hours in the taxable year, including paid leave.

20 4. For taxable years beginning after December 31, 2009, 20 percent of the wages
21 that the claimant paid to an individual who is participating in a program
22 administered by a local workforce development board in this state, as established
23 under 29 USC 2832, if the individual worked at least 1,560 hours in the taxable year,
24 including paid leave.

25 5. Fifty percent of the monthly wages paid to a youth employee.

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1 (c) *Limitations.* 1. The maximum amount of the credit that a claimant may
2 claim under par. (b) 1. and 3. in a taxable year shall not exceed an amount equal
3 \$2,500 for each adult employee described under par. (b) 1. and 3.

4 2. The maximum amount of the credits that may be claimed by all claimants
5 under par. (b) 1. and 3. and ss. 71.28 (5c) (b) 1. and 3. and 71.47 (5c) (b) 1. and 3. in
6 a calendar year is \$6,000,000.

7 3. The maximum amount of the credit that a claimant may claim under par. (b)
8 2. and 4. in a taxable year shall not exceed an amount equal \$2,000 for each employee
9 described under par. (b) 2. and 4.

10 4. The maximum amount of the credits that may be claimed by all claimants
11 under par. (b) 2. and 4. and ss. 71.28 (5c) (b) 2. and 4. and 71.47 (5c) (b) 2. and 4. in
12 a calendar year is \$3,000,000.

13 5. If an employee described in par. (b) 1. to 4. works for the claimant for less than
14 365 consecutive days, the amount of any credit that the claimant claimed under this
15 subsection shall be paid to the department in the manner prescribed by the
16 department.

17 6. The maximum amount of the credit that a claimant may claim under par. (b)
18 5. in the taxable year for a youth employee who works less than 35 hours a week
19 during the taxable year, including paid leave, shall not exceed an amount equal to
20 \$200 for each such youth employee, multiplied by the number of months that the
21 youth employee is employed by the claimant.

22 7. The maximum amount of the credit that a claimant may claim under par. (b)
23 5. in the taxable year for a youth employee who works 35 hours or more a week during
24 the taxable year, including paid leave, shall not exceed an amount equal to \$400 for

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1 each such youth employee, multiplied by the number of months that the youth
2 employee is employed by the claimant.

3 8. The maximum amount of the credit that a claimant may claim under par. (b)
4 5. in a taxable year shall not exceed an amount equal \$1,200 for each youth employee
5 described under par. (b) 5.

6 9. The maximum amount of the credits that may be claimed by all claimants
7 under par. (b) 5. and ss. 71.28 (5c) (b) 5. and 71.47 (5c) (b) 5. in a calendar year is
8 \$3,000,000.

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

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

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

20 71.10 (4) (cr) Job opportunities credit under s. 71.07 (5c).

21 **SECTION 4.** 71.21 (4) of the statutes, as affected by 2009 Wisconsin Act 2, is
22 amended to read:

23 71.21 (4) Credits computed by a partnership under s. 71.07 (2dd), (2de), (2di),
24 (2dj), (2dL), (2dm), (2ds), (2dx), (2dy), (3g), (3h), (3n), (3p), (3r), (3s), (3t), (3w), (5c).

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1 (5e), (5f), (5g), (5h), (5i), (5j), and (5k) and passed through to partners shall be added
2 to the partnership's income.

3 **SECTION 5.** 71.26 (2) (a) 4. of the statutes, as affected by 2009 Wisconsin Act 2,
4 is amended to read:

5 71.26 **(2)** (a) 4. Plus the amount of the credit computed under s. 71.28 (1dd),
6 (1de), (1di), (1dj), (1dL), (1dm), (1ds), (1dx), (1dy), (3g), (3h), (3n), (3p), (3r), (3t), (3w),
7 (5c), (5e), (5f), (5g), (5h), (5i), (5j), and (5k) and not passed through by a partnership,
8 limited liability company, or tax-option corporation that has added that amount to
9 the partnership's, limited liability company's, or tax-option corporation's income
10 under s. 71.21 (4) or 71.34 (1k) (g).

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

12 71.28 **(5c)** JOB OPPORTUNITIES CREDIT. (a) *Definitions.* In this subsection:

13 1. "Adult employee" means any of the following:

14 a. A qualified veteran, as defined in section 51 (d) (3) of the Internal Revenue
15 Code.

16 b. A qualified ex-felon, as defined in section 51 (d) (4) of the Internal Revenue
17 Code.

18 c. An individual who is a vocational rehabilitation referral, as defined in section
19 51 (d) (6) of the Internal Revenue Code.

20 2. "Claimant" means a person who files a claim under this subsection.

21 3. "Youth employee" means an individual who is at least 16 years of age, but
22 no more than 17 years of age, who is either a high school student or graduates from
23 high school during the taxable year for which a credit is claimed under this
24 subsection, and who is a member of a family whose Wisconsin taxable income is no

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1 more than 70 percent of the federal poverty line, as defined under 42 USC 9902 (2),
2 for a family the size of the individual's family.

3 (b) *Filing claims.* Subject to the limitations provided in this subsection, for
4 taxable years beginning after December 31, 2008, a claimant may claim as a credit
5 against the taxes imposed under s. 71.23, up to the amount of the taxes, any of the
6 following amounts that the claimant paid in the taxable year to an individual whom
7 the claimant hired in that taxable year, if the individual is employed in this state:

8 1. For taxable years beginning after December 31, 2008, but before January 1,
9 2010, 20 percent of the wages that the claimant paid to an adult employee, if the adult
10 employee worked at least 400 hours in the taxable year, including paid leave.

11 2. For taxable years beginning after December 31, 2008, but before January 1,
12 2010, 20 percent of the wages that the claimant paid to an individual who is
13 participating in a program administered by a local workforce development board in
14 this state, as established under 29 USC 2832, if the individual worked at least 400
15 hours in the taxable year, including paid leave.

16 3. For taxable years beginning after December 31, 2009, 20 percent of the wages
17 that the claimant paid to an adult employee, if the adult employee worked at least
18 1,560 hours in the taxable year, including paid leave.

19 4. For taxable years beginning after December 31, 2009, 20 percent of the wages
20 that the claimant paid to an individual who is participating in a program
21 administered by a local workforce development board in this state, as established
22 under 29 USC 2832, if the individual worked at least 1,560 hours in the taxable year,
23 including paid leave.

24 5. Fifty percent of the monthly wages paid to a youth employee.

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1 (c) *Limitations.* 1. The maximum amount of the credit that a claimant may
2 claim under par. (b) 1. and 3. in a taxable year shall not exceed an amount equal
3 \$2,500 for each adult employee described under par. (b) 1. and 3.

4 2. The maximum amount of the credits that may be claimed by all claimants
5 under par. (b) 1. and 3. and ss. 71.07 (5c) (b) 1. and 3. and 71.47 (5c) (b) 1. and 3. in
6 a calendar year is \$6,000,000.

7 3. The maximum amount of the credit that a claimant may claim under par. (b)
8 2. and 4. in a taxable year shall not exceed an amount equal \$2,000 for each employee
9 described under par. (b) 2. and 4.

10 4. The maximum amount of the credits that may be claimed by all claimants
11 under par. (b) 2. and 4. and ss. 71.07 (5c) (b) 2. and 4. and 71.47 (5c) (b) 2. and 4. in
12 a calendar year is \$3,000,000.

13 5. If an employee described in par. (b) 1. to 4. works for the claimant for less than
14 365 consecutive days, the amount of any credit that the claimant claimed under this
15 subsection shall be paid to the department in the manner prescribed by the
16 department.

17 6. The maximum amount of the credit that a claimant may claim under par. (b)
18 5. in the taxable year for a youth employee who works less than 35 hours a week
19 during the taxable, including paid leave, year shall not exceed an amount equal to
20 \$200 for each such youth employee, multiplied by the number of months that the
21 youth employee is employed by the claimant.

22 7. The maximum amount of the credit that a claimant may claim under par. (b)
23 5. in the taxable year for a youth employee who works 35 hours or more a week during
24 the taxable year, including paid leave, shall not exceed an amount equal to \$400 for

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1 each such youth employee, multiplied by the number of months that the youth
2 employee is employed by the claimant.

3 8. The maximum amount of the credit that a claimant may claim under par. (b)
4 5. in a taxable year shall not exceed an amount equal \$1,200 for each youth employee
5 described under par. (b) 5.

6 9. The maximum amount of the credits that may be claimed by all claimants
7 under par. (b) 5. and ss. 71.07 (5c) (b) 5. and 71.47 (5c) (b) 5. in a calendar year is
8 \$3,000,000.

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

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

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

20 71.30 (3) (dr) Job opportunities credit under s. 71.28 (5c).

21 **SECTION 8.** 71.34 (1k) (g) of the statutes, as affected by 2009 Wisconsin Act 2,
22 is amended to read:

23 71.34 (1k) (g) An addition shall be made for credits computed by a tax-option
24 corporation under s. 71.28 (1dd), (1de), (1di), (1dj), (1dL), (1dm), (1ds), (1dx), (1dy),

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1 (3), (3g), (3h), (3n), (3p), (3r), (3t), (3w), (5c), (5e), (5f), (5g), (5h), (5i), (5j), and (5k) and
2 passed through to shareholders.

3 **SECTION 9.** 71.45 (2) (a) 10. of the statutes, as affected by 2009 Wisconsin Act
4 2, is amended to read:

5 71.45 **(2)** (a) 10. By adding to federal taxable income the amount of credit
6 computed under s. 71.47 (1dd) to (1dy), (3h), (3n), (3p), (3r), (3w), (5c), (5e), (5f), (5g),
7 (5h), (5i), (5j), and (5k) and not passed through by a partnership, limited liability
8 company, or tax-option corporation that has added that amount to the partnership's,
9 limited liability company's, or tax-option corporation's income under s. 71.21 (4) or
10 71.34 (1k) (g) and the amount of credit computed under s. 71.47 (1), (3), (3t), (4), and
11 (5).

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

13 71.47 **(5c)** JOB OPPORTUNITIES CREDIT. (a) *Definitions.* In this subsection:

14 1. "Adult employee" means any of the following:

15 a. A qualified veteran, as defined in section 51 (d) (3) of the Internal Revenue
16 Code.

17 b. A qualified ex-felon, as defined in section 51 (d) (4) of the Internal Revenue
18 Code.

19 c. An individual who is a vocational rehabilitation referral, as defined in section
20 51 (d) (6) of the Internal Revenue Code.

21 2. "Claimant" means a person who files a claim under this subsection.

22 3. "Youth employee" means an individual who is at least 16 years of age, but
23 no more than 17 years of age, who is either a high school student or graduates from
24 high school during the taxable year for which a credit is claimed under this
25 subsection, and who is a member of a family whose Wisconsin taxable income is no

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1 more than 70 percent of the federal poverty line, as defined under 42 USC 9902 (2),
2 for a family the size of the individual's family.

3 (b) *Filing claims.* Subject to the limitations provided in this subsection, for
4 taxable years beginning after December 31, 2008, a claimant may claim as a credit
5 against the taxes imposed under s. 71.43, up to the amount of the taxes, any of the
6 following amounts that the claimant paid in the taxable year to an individual whom
7 the claimant hired in that taxable year, if the individual is employed in this state:

8 1. For taxable years beginning after December 31, 2008, but before January 1,
9 2010, 20 percent of the wages that the claimant paid to an adult employee, if the adult
10 employee worked at least 400 hours in the taxable year, including paid leave.

11 2. For taxable years beginning after December 31, 2008, but before January 1,
12 2010, 20 percent of the wages that the claimant paid to an individual who is
13 participating in a program administered by a local workforce development board in
14 this state, as established under 29 USC 2832, if the individual worked at least 400
15 hours in the taxable year, including paid leave.

16 3. For taxable years beginning after December 31, 2009, 20 percent of the wages
17 that the claimant paid to an adult employee, if the adult employee worked at least
18 1,560 hours in the taxable year, including paid leave.

19 4. For taxable years beginning after December 31, 2009, 20 percent of the wages
20 that the claimant paid to an individual who is participating in a program
21 administered by a local workforce development board in this state, as established
22 under 29 USC 2832, if the individual worked at least 1,560 hours in the taxable year,
23 including paid leave.

24 5. Fifty percent of the monthly wages paid to a youth employee.

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1 (c) *Limitations.* 1. The maximum amount of the credit that a claimant may
2 claim under par. (b) 1. and 3. in a taxable year shall not exceed an amount equal
3 \$2,500 for each adult employee described under par. (b) 1. and 3.

4 2. The maximum amount of the credits that may be claimed by all claimants
5 under par. (b) 1. and 3. and ss. 71.07 (5c) (b) 1. and 3. and 71.28 (5c) (b) 1. and 3. in
6 a calendar year is \$6,000,000.

7 3. The maximum amount of the credit that a claimant may claim under par. (b)
8 2. and 4. in a taxable year shall not exceed an amount equal \$2,000 for each employee
9 described under par. (b) 2. and 4.

10 4. The maximum amount of the credits that may be claimed by all claimants
11 under par. (b) 2. and 4. and ss. 71.07 (5c) (b) 2. and 4. and 71.28 (5c) (b) 2. and 4. in
12 a calendar year is \$3,000,000.

13 5. If an employee described in par. (b) 1. to 4. works for the claimant for less than
14 365 consecutive days, the amount of any credit that the claimant claimed under this
15 subsection shall be paid to the department in the manner prescribed by the
16 department.

17 6. The maximum amount of the credit that a claimant may claim under par. (b)
18 5. in the taxable year for a youth employee who works less than 35 hours a week
19 during the taxable year, including paid leave, shall not exceed an amount equal to
20 \$200 for each such youth employee, multiplied by the number of months that the
21 youth employee is employed by the claimant.

22 7. The maximum amount of the credit that a claimant may claim under par. (b)
23 5. in the taxable year for a youth employee who works 35 hours or more a week during
24 the taxable year, including paid leave, shall not exceed an amount equal to \$400 for

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1 each such youth employee, multiplied by the number of months that the youth
2 employee is employed by the claimant.

3 8. The maximum amount of the credit that a claimant may claim under par. (b)
4 5. in a taxable year shall not exceed an amount equal \$1,200 for each youth employee
5 described under par. (b) 5.

6 9. The maximum amount of the credits that may be claimed by all claimants
7 under par. (b) 5. and ss. 71.07 (5c) (b) 5. and 71.28 (5c) (b) 5. in a calendar year is
8 \$3,000,000.

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

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

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

20 71.49 (1) (cr) Job opportunities credit under s. 71.47 (5c).

21 **SECTION 12.** 77.92 (4) of the statutes is amended to read:

22 77.92 (4) “Net business income,” with respect to a partnership, means taxable
23 income as calculated under section 703 of the Internal Revenue Code; plus the items
24 of income and gain under section 702 of the Internal Revenue Code, including taxable
25 state and municipal bond interest and excluding nontaxable interest income or

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1 dividend income from federal government obligations; minus the items of loss and
2 deduction under section 702 of the Internal Revenue Code, except items that are not
3 deductible under s. 71.21; plus guaranteed payments to partners under section 707
4 (c) of the Internal Revenue Code; plus the credits claimed under s. 71.07 (2dd), (2de),
5 (2di), (2dj), (2dL), (2dm), (2dr), (2ds), (2dx), (2dy), (3g), (3h), (3n), (3p), (3r), (3s), (3t),
6 (3w), (5c), (5e), (5f), (5g), (5h), (5i), (5j), and (5k); and plus or minus, as appropriate,
7 transitional adjustments, depreciation differences, and basis differences under s.
8 71.05 (13), (15), (16), (17), and (19); but excluding income, gain, loss, and deductions
9 from farming. “Net business income,” with respect to a natural person, estate, or
10 trust, means profit from a trade or business for federal income tax purposes and
11 includes net income derived as an employee as defined in section 3121 (d) (3) of the
12 Internal Revenue Code.

13

(END)