



State of Wisconsin  
2023 - 2024 LEGISLATURE

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**SENATE SUBSTITUTE AMENDMENT 1,  
TO SENATE BILL 162**

May 23, 2023 - Offered by Senator TOMCZYK.

1 **AN ACT to amend** 71.05 (6) (a) 15. and 71.21 (4) (a); and **to create** 71.07 (11),  
2 71.10 (4) (ga) and 238.165 of the statutes; **relating to:** a sole proprietor,  
3 single-member limited liability company, or single-owner corporation  
4 employee tax credit.

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***Analysis by the Legislative Reference Bureau***

This bill creates a tax credit program administered by the Wisconsin Economic Development Corporation under which a person, referred to in the bill as an “eligible applicant,” who owns a sole proprietorship, single-member limited liability company, or single-owner corporation in Wisconsin may receive tax credits in connection with the employee the eligible applicant employs in the first full-time job created by the applicant.

Specifically, under the bill, WEDC may certify an eligible applicant to claim a nonrefundable credit to offset income taxes for up to three consecutive taxable years as follows:

1. For the first such taxable year during which the eligible applicant employs an employee in an eligible full-time job, an amount equal to 100 percent of the wages paid to the employee in that year or \$10,000, whichever is less.

2. For the second such taxable year during which the eligible applicant employs an employee in an eligible full-time job, an amount equal to 50 percent of the wages paid to that employee in that year or \$5,000, whichever is less.

3. For the third such taxable year during which the eligible applicant employs an employee in an eligible full-time job, an amount equal to 25 percent of the wages paid to that employee in that year or \$2,500, whichever is less.

A full-time job is eligible under the bill if it is the first full-time job created by the eligible applicant that is not held by the eligible applicant or a member of the eligible applicant's immediate family and if the job was first created by the eligible applicant within the three years immediately preceding the date of initial application. The bill defines "full-time job" to mean a regular, nonseasonal full-time position in which an individual, as a condition of employment, is required to work at least 2,080 hours per year, including paid leave and holidays, and for which the individual receives pay that is equal to at least 150 percent of the federal minimum wage. Under the bill, the maximum amount of the credits that WEDC may certify under the program may not exceed \$20,000,000 in any calendar year.

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***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 is amended to read:

2           71.05 **(6)** (a) 15. The amount of the credits computed under s. 71.07 (2dm),  
3 (2dx), (2dy), (3g), (3h), (3n), (3q), (3s), (3t), (3w), (3wm), (3y), (4k), (4n), (5e), (5i), (5j),  
4 (5k), (5r), (5rm), (6n), ~~and (10), and (11)~~ and not passed through by a partnership,  
5 limited liability company, or tax-option corporation that has added that amount to  
6 the partnership's, company's, or tax-option corporation's income under s. 71.21 (4)  
7 or 71.34 (1k) (g).

8           **SECTION 2.** 71.07 (11) of the statutes is created to read:

9           71.07 **(11)** SINGLE-OWNER BUSINESS EMPLOYEE TAX CREDIT. (a) *Definition.* In this  
10 subsection, "claimant" means a person certified to receive tax benefits under s.  
11 238.165.

12           (b) *Filing Claims.* For taxable years beginning after December 31, 2022, and  
13 subject to the limitations provided in this subsection and s. 238.165, a claimant may  
14 claim as a credit against the tax imposed under s. 71.02 an amount as follows:

1           1. For the first taxable year for which the claimant is certified by the Wisconsin  
2           Economic Development Corporation under s. 238.165 (3), the amount certified under  
3           s. 238.165 (3) (a) 1.

4           2. For the 2nd taxable year for which the claimant is certified by the Wisconsin  
5           Economic Development Corporation under s. 238.165 (3), the amount certified under  
6           s. 238.165 (3) (a) 2.

7           3. For the 3rd taxable year for which the claimant is certified by the Wisconsin  
8           Economic Development Corporation under s. 238.165 (3), the amount certified under  
9           s. 238.165 (3) (a) 3.

10           (c) *Limitations.* 1. No credit may be allowed under this subsection unless the  
11           claimant includes with the claimant's return a copy of the claimant's certification for  
12           tax benefits under s. 238.165 (3).

13           2. No credit may be allowed under this subsection unless it is claimed within  
14           the time period under s. 71.75 (2).

15           (d) *Administration.* 1. Subsection (9e) (d), to the extent that it applies to the  
16           credit under that subsection, applies to the credit under this subsection.

17           2. If a credit computed under this subsection is not entirely offset against  
18           Wisconsin income taxes otherwise due, the unused balance may be carried forward  
19           and credited against Wisconsin income taxes otherwise due for the following 15  
20           taxable years to the extent not offset by these taxes otherwise due in all intervening  
21           years between the year in which the wages are paid and the year in which the  
22           carry-forward credit is claimed.

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

24           71.10 (4) (ga) Single-owner business employee tax credit under s. 71.07 (11).

25           **SECTION 4.** 71.21 (4) (a) of the statutes is amended to read:

1           71.21 (4) (a) The amount of the credits computed by a partnership under s.  
2           71.07 (2dm), (2dx), (2dy), (3g), (3h), (3n), (3q), (3s), (3t), (3w), (3wm), (3y), (4k), (4n),  
3           (5e), (5g), (5i), (5j), (5k), (5r), (5rm), (6n), ~~and (10), and (11)~~, and passed through to  
4           partners shall be added to the partnership's income.

5           **SECTION 5.** 238.165 of the statutes is created to read:

6           **238.165 Single-owner business employee tax credit. (1) DEFINITIONS.** In  
7           this section:

8           (a) "Eligible applicant" means a person that is eligible to receive tax benefits  
9           under this section.

10          (b) "Eligible full-time job" means the first full-time job created by the eligible  
11          applicant that is not held by the eligible applicant or a member of the eligible  
12          applicant's immediate family, if the job was first created within the 3 years  
13          immediately preceding the date of the eligible applicant's initial application for tax  
14          benefits under this section.

15          (c) "Full-time job" means a regular, nonseasonal full-time position in which an  
16          individual, as a condition of employment, is required to work at least 2,080 hours per  
17          year, including paid leave and holidays, and for which the individual receives pay  
18          that is equal to at least 150 percent of the federal minimum wage.

19          (d) "Immediate family" means persons who are related as spouses, as siblings,  
20          or as parent and child.

21          (e) "Tax benefits" means the single-owner business employee tax credit under  
22          under s. 71.07 (11).

23          **(2) CERTIFICATION ELIGIBILITY.** An applicant for tax benefits under this section  
24          is eligible for certification under sub. (3), subject to verification under the policies and  
25          procedures established under sub. (4), if all of the following apply:

1 (a) The applicant is the owner of a sole proprietorship, single-member limited  
2 liability company, or single-owner corporation in this state.

3 (b) The applicant has not previously received tax benefits under this section for  
4 a different business.

5 **(3) CERTIFICATION.** (a) The corporation shall certify an eligible applicant to  
6 claim tax benefits for up to 3 consecutive taxable years as follows:

7 1. For the first such taxable year during which the eligible applicant employs  
8 an employee in an eligible full-time job, an amount equal to 100 percent of the wages  
9 paid to that employee in that year or \$10,000, whichever is less.

10 2. For the 2nd such taxable year during which the eligible applicant employs  
11 an employee in an eligible full-time job, an amount equal to 50 percent of the wages  
12 paid to that employee in that year or \$5,000, whichever is less.

13 3. For the 3rd such taxable year during which the eligible applicant employs  
14 an employee in an eligible full-time job, an amount equal to 25 percent of the wages  
15 paid to that employee in that year or \$2,500, whichever is less.

16 (b) The corporation may not award certificates for tax benefits under this  
17 section totaling more than \$20,000,000 in any calendar year and shall prorate the  
18 amounts certified as necessary based on the number of certificates awarded.

19 **(4) POLICIES AND PROCEDURES.** The corporation shall establish policies and  
20 procedures to verify the accuracy of all information provided by an applicant for tax  
21 benefits under this section.

22 (END)