



2013 ASSEMBLY BILL 758

February 11, 2014 – Introduced by Representatives JOHNSON, GOYKE, SARGENT, BARNES, MASON, YOUNG, KESSLER, OHNSTAD, HEBL, BERCEAU and ZAMARRIPA, cosponsored by Senators SCHULTZ and HARRIS. Referred to Committee on Ways and Means.

1 **AN ACT to amend** 71.05 (6) (a) 15., 71.21 (4) (a), 71.26 (2) (a) 4., 71.34 (1k) (g) and
2 71.45 (2) (a) 10.; and **to create** 71.07 (8d), 71.10 (4) (cs), 71.28 (8d), 71.30 (3) (cs),
3 71.47 (8d) and 71.49 (1) (cs) of the statutes; **relating to:** an income and
4 franchise tax credit for hiring young people for summer employment.

Analysis by the Legislative Reference Bureau

Under this bill, a business may claim an income and franchise tax credit for an amount of the wages that the business pays to an employee during the taxable year if all of the following apply:

1. The business paid the wages for work performed during the period beginning on May 1 and ending on August 31 of the taxable year.
2. The employee is at least 15 years old, but not more than 19 years old.
3. The employee receives an hourly wage that is at least equal to the federal minimum hourly wage.
4. The employee was a resident of this state on January 1 of the year in which the employee is employed by the taxpayer.
5. The employee resides in a county where the average rate of total unemployment is 6 percent or greater, as determined by the U.S. secretary of labor based on jobs data for March of the year in which the employee is employed by the taxpayer.

The maximum credit amount that a business may claim for the taxable year is \$1,500 for each eligible employee, not to exceed \$7,500. If the credit amount exceeds

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the taxpayer's tax liability, the taxpayer does not receive a refund and may not claim the unused amount in subsequent taxable years.

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 2013 Wisconsin Act
2 20, is amended to read:

3 71.05 **(6)** (a) 15. Except as provided under s. 71.07 (3p) (c) 5., the amount of the
4 credits computed under s. 71.07 (2dd), (2de), (2di), (2dj), (2dL), (2dm), (2dr), (2ds),
5 (2dx), (2dy), (3g), (3h), (3n), (3p), (3q), (3r), (3rm), (3rn), (3s), (3t), (3w), (4k), (4n), (5e),
6 (5f), (5h), (5i), (5j), (5k), (5r), (5rm), (6n), (8d), and (8r) and not passed through by a
7 partnership, limited liability company, or tax-option corporation that has added that
8 amount to the partnership's, company's, or tax-option corporation's income under s.
9 71.21 (4) or 71.34 (1k) (g).

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

11 71.07 **(8d)** YOUTH SUMMER EMPLOYMENT CREDIT. (a) *Definitions.* In this
12 subsection:

13 1. "Claimant" means a person who files a claim under this subsection.

14 2. "Full-time" means at least 35 hours a week.

15 (b) *Filing claims.* Subject to the limitations provided in this subsection, a
16 claimant may claim as a credit against the taxes imposed under s. 71.02, up to the
17 amount of the tax, an amount that is equal to the amount of the wages that the
18 claimant paid in the taxable year to an employee, if all of the following apply:

19 1. The claimant paid the wages for work performed during the period beginning
20 on May 1 and ending on August 31 of the taxable year.

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1 2. The employee is at least 15 years old, but not more than 19 years old.

2 3. The employee receives an hourly wage that is at least equal to the federal
3 minimum hourly wage.

4 4. The employee was a resident of this state on January 1 of the year in which
5 the employee is employed by the claimant.

6 5. The employee resides in a county where the average rate of total
7 unemployment is 6 percent or greater, as determined by the U.S. secretary of labor
8 based on jobs data for March of the year in which the employee is employed by the
9 claimant.

10 (c) *Limitations.* 1. The maximum amount that a claimant may claim as credit
11 under this subsection in a taxable year is \$1,500 for each eligible employee, not to
12 exceed \$7,500.

13 2. No person may claim a credit under this subsection if the person terminates
14 an employee's employment in order to hire an employee for which the person may
15 claim a credit under this subsection.

16 3. Partnerships, limited liability companies, and tax-option corporations may
17 not claim the credit under this subsection, but the eligibility for, and the amount of,
18 the credit are based on their payment of amounts under par. (b). A partnership,
19 limited liability company, or tax-option corporation shall compute the amount of
20 credit that each of its partners, members, or shareholders may claim and shall
21 provide that information to each of them. Partners, members of limited liability
22 companies, and shareholders of tax-option corporations may claim the credit in
23 proportion to their ownership interests.

24 (d) *Administration.* Section 71.28 (4) (g) and (h), as it applies to the credit under
25 s. 71.28 (4), applies to the credit under this subsection.

ASSEMBLY BILL 758**SECTION 3**

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

2 71.10 (4) (cs) Youth summer employment credit under s. 71.07 (8d).

3 **SECTION 4.** 71.21 (4) (a) of the statutes, as affected by 2013 Wisconsin Act 20,
4 is amended to read:

5 71.21 (4) (a) The amount of the credits computed by a partnership under s.
6 71.07 (2dd), (2de), (2di), (2dj), (2dL), (2dm), (2ds), (2dx), (2dy), (3g), (3h), (3n), (3p),
7 (3q), (3r), (3rm), (3rn), (3s), (3t), (3w), (4k), (4n), (5e), (5f), (5g), (5h), (5i), (5j), (5k), (5r),
8 (5rm), (6n), (8d), and (8r) and passed through to partners shall be added to the
9 partnership's income.

10 **SECTION 5.** 71.26 (2) (a) 4. of the statutes is amended to read:

11 71.26 (2) (a) 4. Plus the amount of the credit computed under s. 71.28 (1dd),
12 (1de), (1di), (1dj), (1dL), (1dm), (1ds), (1dx), (1dy), (3g), (3h), (3n), (3p), (3q), (3r),
13 (3rm), (3rn), (3t), (3w), (5e), (5f), (5g), (5h), (5i), (5j), (5k), (5r), (5rm), (6n), (8d), (8r),
14 and (9s) and not passed through by a partnership, limited liability company, or
15 tax-option corporation that has added that amount to the partnership's, limited
16 liability company's, or tax-option corporation's income under s. 71.21 (4) or 71.34 (1k)
17 (g).

18 **SECTION 6.** 71.28 (8d) of the statutes is created to read:

19 71.28 (8d) YOUTH SUMMER EMPLOYMENT CREDIT. (a) *Definitions.* In this
20 subsection:

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

22 2. "Full-time" means at least 35 hours a week.

23 (b) *Filing claims.* Subject to the limitations provided in this subsection, a
24 claimant may claim as a credit against the taxes imposed under s. 71.23, up to the

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1 amount of the tax, an amount that is equal to the amount of the wages that the
2 claimant paid in the taxable year to an employee, if all of the following apply:

3 1. The claimant paid the wages for work performed during the period beginning
4 on May 1 and ending on August 31 of the taxable year.

5 2. The employee is at least 15 years old, but not more than 19 years old.

6 3. The employee receives an hourly wage that is at least equal to the federal
7 minimum hourly wage.

8 4. The employee was a resident of this state on January 1 of the year in which
9 the employee is employed by the claimant.

10 5. The employee resides in a county where the average rate of total
11 unemployment is 6 percent or greater, as determined by the U.S. secretary of labor
12 based on jobs data for March of the year in which the employee is employed by the
13 claimant.

14 (c) *Limitations.* 1. The maximum amount that a claimant may claim as credit
15 under this subsection in a taxable year is \$1,500 for each eligible employee, not to
16 exceed \$7,500.

17 2. No person may claim a credit under this subsection if the person terminates
18 an employee's employment in order to hire an employee for which the person may
19 claim a credit under this subsection.

20 3. Partnerships, limited liability companies, and tax-option corporations may
21 not claim the credit under this subsection, but the eligibility for, and the amount of,
22 the credit are based on their payment of amounts under par. (b). A partnership,
23 limited liability company, or tax-option corporation shall compute the amount of
24 credit that each of its partners, members, or shareholders may claim and shall
25 provide that information to each of them. Partners, members of limited liability

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1 companies, and shareholders of tax-option corporations may claim the credit in
2 proportion to their ownership interests.

3 (d) *Administration.* Subsection (4) (g) and (h), as it applies to the credit under
4 sub. (4), applies to the credit under this subsection.

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

6 71.30 (3) (cs) Youth summer employment credit under s. 71.28 (8d).

7 **SECTION 8.** 71.34 (1k) (g) of the statutes, as affected by 2013 Wisconsin Act 20,
8 is amended to read:

9 71.34 (1k) (g) An addition shall be made for credits computed by a tax-option
10 corporation under s. 71.28 (1dd), (1de), (1di), (1dj), (1dL), (1dm), (1ds), (1dx), (1dy),
11 (3), (3g), (3h), (3n), (3p), (3q), (3r), (3rm), (3rn), (3t), (3w), (4), (5), (5e), (5f), (5g), (5h),
12 (5i), (5j), (5k), (5r), (5rm), (6n), ~~(8d)~~, and (8r) and passed through to shareholders.

13 **SECTION 9.** 71.45 (2) (a) 10. of the statutes is amended to read:

14 71.45 (2) (a) 10. By adding to federal taxable income the amount of credit
15 computed under s. 71.47 (1dd) to (1dy), (3g), (3h), (3n), (3p), (3q), (3r), (3rm), (3rn),
16 (3w), (5e), (5f), (5g), (5h), (5i), (5j), (5k), (5r), (5rm), (6n), ~~(8d)~~, (8r), and (9s) and not
17 passed through by a partnership, limited liability company, or tax-option
18 corporation that has added that amount to the partnership's, limited liability
19 company's, or tax-option corporation's income under s. 71.21 (4) or 71.34 (1k) (g) and
20 the amount of credit computed under s. 71.47 (1), (3), (3t), (4), (4m), and (5).

21 **SECTION 10.** 71.47 (8d) of the statutes is created to read:

22 71.47 (8d) YOUTH SUMMER EMPLOYMENT CREDIT. (a) *Definitions.* In this
23 subsection:

- 24 1. "Claimant" means a person who files a claim under this subsection.
- 25 2. "Full-time" means at least 35 hours a week.

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1 (b) *Filing claims.* Subject to the limitations provided in this subsection, a
2 claimant may claim as a credit against the taxes imposed under s. 71.43, up to the
3 amount of the tax, an amount that is equal to the amount of the wages that the
4 claimant paid in the taxable year to an employee, if all of the following apply:

5 1. The claimant paid the wages for work performed during the period beginning
6 on May 1 and ending on August 31 of the taxable year.

7 2. The employee is at least 15 years old, but not more than 19 years old.

8 3. The employee receives an hourly wage that is at least equal to the federal
9 minimum hourly wage.

10 4. The employee was a resident of this state on January 1 of the year in which
11 the employee is employed by the claimant.

12 5. The employee resides in a county where the average rate of total
13 unemployment is 6 percent or greater, as determined by the U.S. secretary of labor
14 based on jobs data for March of the year in which the employee is employed by the
15 claimant.

16 (c) *Limitations.* 1. The maximum amount that a claimant may claim as credit
17 under this subsection in a taxable year is \$1,500 for each eligible employee, not to
18 exceed \$7,500.

19 2. No person may claim a credit under this subsection if the person terminates
20 an employee's employment in order to hire an employee for which the person may
21 claim a credit under this subsection.

22 3. Partnerships, limited liability companies, and tax-option corporations may
23 not claim the credit under this subsection, but the eligibility for, and the amount of,
24 the credit are based on their payment of amounts under par. (b). A partnership,
25 limited liability company, or tax-option corporation shall compute the amount of

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1 credit that each of its partners, members, or shareholders may claim and shall
2 provide that information to each of them. Partners, members of limited liability
3 companies, and shareholders of tax-option corporations may claim the credit in
4 proportion to their ownership interests.

5 (d) *Administration.* Section 71.28 (4) (g) and (h), as it applies to the credit under
6 s. 71.28 (4), applies to the credit under this subsection.

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

8 71.49 (1) (cs) Youth summer employment credit under s. 71.47 (8d).

9 **SECTION 12. Initial applicability.**

10 (1) This act first applies to taxable years beginning on January 1, 2014.

11 (END)