

2009 DRAFTING REQUEST

Bill

Received: **01/20/2010**

Received By: **jkreye**

Wanted: **As time permits**

Identical to LRB:

For: **Joseph Leibham (608) 266-2056**

By/Representing: **greg**

This file may be shown to any legislator: **NO**

Drafter: **jkreye**

May Contact:

Addl. Drafters:

Subject: **Tax, Business - crp inc, fran**

Extra Copies:

Submit via email: **YES**

Requester's email: **Sen.Leibham@legis.wisconsin.gov**

Carbon copy (CC:) to: **joseph.kreye@legis.wisconsin.gov**

Pre Topic:

No specific pre topic given

Topic:

Job creation tax benefit

Instructions:

See attached

Drafting History:

<u>Vers.</u>	<u>Drafted</u>	<u>Reviewed</u>	<u>Typed</u>	<u>Proofed</u>	<u>Submitted</u>	<u>Jacketed</u>	<u>Required</u>
/?	jkreye 01/21/2010	jdyer 01/21/2010		_____			State
/1			rschluet 01/21/2010	_____	cduerst 01/21/2010	sbasford 01/21/2010	State
/2	jkreye 02/03/2010	jdyer 02/03/2010	jfrantze 02/03/2010	_____	mbarman 02/03/2010	mbarman 02/03/2010	

FE Sent For:

at
intro

<END>

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Vers. Drafted Reviewed Typed Proofed Submitted Jacketed Required

/? jkreye

1/21 jld

1/21/10

~~1/21/10~~

<END>

1/21

FE Sent For:

Kreye, Joseph

From: Gasper, Greg
Sent: Wednesday, January 20, 2010 4:55 PM
To: Kreye, Joseph
Subject: LRBa1211

Joe -

Another drafting request here...

We would like to take LRBa1211 (our Kentucky economic dev. idea) and convert it into a bill draft for circulation.

Let me know if you need any info from us in order to make that happen...

Talk soon -

Greg Gasper
Chief of Staff
Office of Senator Joe Leibham

Greg.Gasper@legis.wi.gov
888.295.8750
P.O. Box 7882
Madison, WI 53707-7882



Handwritten initials and marks: "JK" with a checkmark, "Mant R", and "Jed".

PRELIMINARY DRAFT - NOT READY FOR INTRODUCTION

Handwritten mark resembling a stylized 'h' or '7'.

Handwritten note: "in 1-21-10"

Handwritten note circled: "due thru 1-28"

Handwritten checkmark.

Handwritten word: "Gen"

1

AN ACT ...; relating to: tax incentives for job creation.

Analysis by the Legislative Reference Bureau

Under this bill, generally, a business that increases its net employment by at least 15 full-time employees in any taxable year may begin to receive a tax benefit, if it applies to the Department of Commerce (Commerce) to receive that benefit and enters into a contract with Commerce to retain a stable number of full-time employees. Under the bill, an eligible business may, rather than submit the amount as withholding taxes, retain an amount that is equal to the withholding taxes that the business is required to pay on wages earned by each full-time employee, as certified by Commerce, in the year for which the business claims the tax benefit, multiplied by the employee's applicable tax rate. A business may claim the benefit for only five years, unless the business can demonstrate to Commerce that it needs an additional five-year extension. Under the bill, the Department of Revenue (DOR) considers all amounts retained as tax benefits to be amounts submitted to DOR as withholding taxes.

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:

2

(END)
Handwritten arrow pointing downwards.



State of Wisconsin
2009 - 2010 LEGISLATURE

LRBa1211/1
JK:wlj&jld:rs

**SENATE AMENDMENT ,
TO SENATE SUBSTITUTE AMENDMENT (LRBs0209/2),
TO 2009 SENATE BILL 409**

- 1 At the locations indicated, amend the substitute amendment as follows:
- 2 **1.** Page 2, line 7: after "grants;" insert "tax incentives for job creation;"
- 3 **2.** Page 18, line 10: after that line insert:

4 **SECTION 71.645** of the statutes is created to read:

5 **71.645 Job creation tax benefit.** Subject to the limitations provided in this
 6 section and s. 560.2057, and notwithstanding any other provision in this subchapter,
 7 for taxable years beginning after December 31, 2009, a person who is certified to
 8 receive tax benefits under s. 560.2057 (2) may, rather than submit the amount as
 9 withholding taxes, retain the amount determined under s. 560.2057 (4) (b). The
 10 person shall report this amount to the department, in the manner prescribed by the
 11 department, and, for purposes of this chapter, the department shall treat all amounts

1 retained under this section[✓] as if the amounts had been withheld pursuant to this
2 subchapter.^{de}

3 **3.** Page 21, line 11: after that line insert:

4 ~~SECTION 560.2057~~ of the statutes is created to read:

5 **560.2057 Jobs creation tax benefit. (1) DEFINITIONS.**[✓] In this section:

6 (a) "Business" means any organization or enterprise operated for profit,
7 including a proprietorship, partnership, firm, business trust, joint venture,
8 syndicate, corporation, limited liability company, or association.

9 (b) "Eligible employee" means a person employed in a full-time job by a person
10 certified in sub. (2).[✓]

11 (c) "Full-time job" means a regular, nonseasonal full-time position in which an
12 individual, as a condition of employment, is required to work at least 2,080 hours per
13 year, including paid leave and holidays. "Full-time job" does not include initial
14 training before an employment position begins.

15 (d) "Tax benefits" means the jobs creation tax benefit under s. 71.645.[✓]

16 **(2) CERTIFICATION.** The department may certify a person to receive tax benefits
17 under this section if all of the following apply:

18 (a) The person is operating or intends to operate a business in this state.

19 (b) The business satisfies the eligibility criteria established by the department
20 by rule under sub. (5) (e).[✓]

21 (c) The person applies under this section and enters into a contract with the
22 department.

23 **(3) ELIGIBILITY FOR TAX BENEFITS.**[✓] (a) A person certified under sub. (2)[✓] may
24 receive tax benefits under this section if, for the duration of each year in which the

1 person claims tax benefits under this section, the person maintains employment of
2 a stable number of eligible employees as specified in the contract under sub. (2) (c).

3 (b) A person certified under sub. (2) may receive tax benefits under this section
4 if, in the first year for which the person claims tax benefits under this section, the
5 person increases net employment in the person's business by at least 15 eligible
6 employees.

7 **(4) DURATION AND DETERMINATION OF BENEFITS.** (a) 1. Except as provided in subd.
8 2., the certification of a person under sub. (2) may remain in effect for no more than
9 5 cumulative years.

10 2. The department may extend the certification of a person under this section
11 for an additional 5 years if the department determines the business has a
12 demonstrated need for the extension.

13 (b) The department may award to a person certified under sub. (2) tax benefits
14 for each eligible employee retained as provided under sub. (3) (a) or hired as provided
15 under sub. (3) (b) in an amount equal to the withholding taxes that the person is
16 required to pay under subch X of ch. 71 on wages earned by each eligible employee
17 in the year for which the tax benefit is claimed, multiplied by the rate under s. 71.06
18 that applies to that employee.

19 **(5) DUTIES OF THE DEPARTMENT.** (a) The department of commerce shall notify
20 the department of revenue when the department of commerce certifies a person to
21 receive tax benefits.

22 (b) The department of commerce shall notify the department of revenue within
23 30 days of revoking a certification made under sub. (2).

1 (c) The department may require a person to repay any tax benefits the person
2 claims for a year in which the person failed to maintain employment required by a
3 contract under sub. (2) (c). ✓

4 (d) The department shall annually verify the information submitted to the
5 department by the person claiming tax benefits under s. 71.645. ✓

6 (e) The department shall promulgate rules for the implementation and
7 operation of this section, including rules relating to the following:

8 1. Criteria to be satisfied by a business for a person operating the business to
9 be eligible for certification under sub. (2). ✓

10 2. Minimum wages to be paid to an eligible employee by a person employing
11 that employee in order for that person to obtain and retain certification under sub.
12 (2).

13 3. Conditions for the revocation of a certification under par. (b). ✓

14 4. Conditions for the repayment of tax benefits under par. (c). ✓

15 ~~4. Page 25, line 17: after that line insert:~~

16 (5m) ~~(#)~~ JOB CREATION TAX INCENTIVES. ✓ The department of commerce ✓ may use the
17 procedure under section 227.24 of the statutes to promulgate rules under section
18 560.2057 (5) (e) ✓ of the statutes, as created by this act. Notwithstanding section
19 227.24 (1) (c) ✓ and (2) ✓ of the statutes, emergency rules promulgated under this
20 subsection ✓ remain in effect until July 1, 2010, or the date on which permanent rules
21 take effect, whichever is sooner. Notwithstanding section 227.24 (1) (a) ✓ and (3) ✓ of the
22 statutes, the department is not required to provide evidence that promulgating a rule
23 under this subsection as an emergency rule is necessary for the preservation of the

move

Sec # Nonstatutory provisions.
Constitutional provision.

1 public peace, health, safety, or welfare and is not required to provide a finding of
2 emergency for a rule promulgated under this subsection.

3 (5r) RULES. Notwithstanding sections 227.137 (2) and 227.138 (2) of the
4 statutes, if the secretary of administration requires the department of commerce to
5 prepare an economic impact report for the rules required under section 560.2057 (5)
6 (e) of the statutes, as created by this act, the department may submit the proposed
7 rules to the legislature for review under section 227.19 (2) of the statutes before the
8 department completes the economic impact report and before the department
9 receives a copy of the report and approval under section 227.138 (2) of the statutes. 

10

(END)

Basford, Sarah

From: Gasper, Greg
Sent: Thursday, January 21, 2010 1:37 PM
To: LRB.Legal
Subject: Draft Review: LRB 09-4154/1 Topic: Job creation tax benefit

Please Jacket LRB 09-4154/1 for the SENATE.

Kreye, Joseph

From: Gasper, Greg
Sent: Tuesday, February 02, 2010 5:16 PM
To: Kreye, Joseph
Subject: LRB 4154

Joe -

We have one last tweak to our Kentucky bill (LRB 4154/1) and then we're going to circulate and introduce.

In working to get it into the budget last year and the CORE bill a few weeks ago, concerns were expressed about the "jobs retained" portion and the potential cost there. We would like to remove that portion to calm any fears about the bill's expense. Hopefully, with that, we should have a bill that should be little or no cost because these are jobs that have yet to be created.

If possible, could we have that in the next day or two?

Thanks Joe - As always, let me know if you have any questions.

Greg Gasper
Chief of Staff
Office of Senator Joe Leibham

Greg.Gasper@legis.wi.gov
888.295.8750
P.O. Box 7882
Madison, WI 53707-7882



2
AMR

2009 BILL

in 2-3-10
Today

4

Regen

1 AN ACT to create 71.645 and 560.2057 of the statutes; relating to: tax incentives
2 for job creation.

Analysis by the Legislative Reference Bureau

Under this bill, generally, a business that increases its net employment by at least 15 full-time employees in any taxable year may begin to receive a tax benefit, if it applies to the Department of Commerce (Commerce) to receive that benefit and enters into a contract with Commerce to retain a stable number of full-time employees. Under the bill, an eligible business may, rather than submit the amount as withholding taxes, retain an amount that is equal to the withholding taxes that the business is required to pay on wages earned by each full-time employee, as certified by Commerce, in the year for which the business claims the tax benefit, multiplied by the employee's applicable tax rate. A business may claim the benefit for only five years, unless the business can demonstrate to Commerce that it needs an additional five-year extension. Under the bill, the Department of Revenue (DOR) considers all amounts retained as tax benefits to be amounts submitted to DOR as withholding taxes.

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:

BILL**SECTION 1**

1 **SECTION 1.** 71.645 of the statutes is created to read:

2 **71.645 Job creation tax benefit.** Subject to the limitations provided in this
3 section and s. 560.2057, and notwithstanding any other provision in this subchapter,
4 for taxable years beginning after December 31, 2009, a person who is certified to
5 receive tax benefits under s. 560.2057 (2) may, rather than submit the amount as
6 withholding taxes, retain the amount determined under s. 560.2057 (4) (b). The
7 person shall report this amount to the department, in the manner prescribed by the
8 department, and, for purposes of this chapter, the department shall treat all amounts
9 retained under this section as if the amounts had been withheld pursuant to this
10 subchapter.

11 **SECTION 2.** 560.2057 of the statutes is created to read:

12 **560.2057 Jobs creation tax benefit. (1) DEFINITIONS.** In this section:

13 (a) "Business" means any organization or enterprise operated for profit,
14 including a proprietorship, partnership, firm, business trust, joint venture,
15 syndicate, corporation, limited liability company, or association.

16 (b) "Eligible employee" means a person employed in a full-time job by a person
17 certified in sub. (2).

18 (c) "Full-time job" means a regular, nonseasonal full-time position in which an
19 individual, as a condition of employment, is required to work at least 2,080 hours per
20 year, including paid leave and holidays. "Full-time job" does not include initial
21 training before an employment position begins.

22 (d) "Tax benefits" means the jobs creation tax benefit under s. 71.645.

23 **(2) CERTIFICATION.** The department may certify a person to receive tax benefits
24 under this section if all of the following apply:

25 (a) The person is operating or intends to operate a business in this state.

BILL

1 (b) The business satisfies the eligibility criteria established by the department
2 by rule under sub. (5) (a). ✓ d

3 (c) The person applies under this section ✓ and enters into a contract with the
4 department ✓

5 (3) ELIGIBILITY FOR TAX BENEFITS. (a) A person certified under sub. (2) may
6 receive tax benefits under this section if, for the duration of each year in which the
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8 a stable number of eligible employees as specified in the contract under sub. (2) (c).

9 (b) A person certified under sub. (2) may receive tax benefits under this section
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11 person increases net employment in the person's business by at least 15 eligible
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13 (4) DURATION AND DETERMINATION OF BENEFITS. (a) 1. Except as provided in subd.
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2 the department of revenue when the department of commerce certifies a person to
3 receive tax benefits.

4 (b) The department of commerce shall notify the department of revenue within
5 30 days of revoking a certification made under sub. (2).[✓]

6 (c) The department may require a person to repay any tax benefits the person
7 claims for a year in which the person failed to maintain employment required by a
8 contract under sub. (2) (c).

9 ~~(d)~~ ^(c) (d) The department shall annually verify the information submitted to the
10 department by the person claiming tax benefits under s. 71.645.

11 ~~(e)~~ ^(d) (e) The department shall promulgate rules for the implementation and
12 operation of this section, including rules relating to the following:

13 1. Criteria to be satisfied by a business for a person operating the business to
14 be eligible for certification under sub. (2).[✓]

15 2. Minimum wages to be paid to an eligible employee by a person employing
16 that employee in order for that person to obtain and retain certification under sub.
17 (2).[✓]

18 3. Conditions for the revocation of a certification under par. (b).[✓]

19 4. Conditions for the repayment of tax benefits under par. (c).[✓]

20 **SECTION 3. Nonstatutory provisions.**

21 (1) JOB CREATION TAX INCENTIVES. The department of commerce may use the
22 procedure under section 227.24 of the statutes to promulgate rules under section
23 560.2057 (5) ^(d) (a) of the statutes, as created by this act. Notwithstanding section
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1 take effect, whichever is sooner. Notwithstanding section 227.24 (1) (a) and (3) of the
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3 under this subsection as an emergency rule is necessary for the preservation of the
4 public peace, health, safety, or welfare and is not required to provide a finding of
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6 (2) RULES. Notwithstanding sections 227.137 (2) and 227.138 (2) of the statutes,
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11 completes the economic impact report and before the department receives a copy of
12 the report and approval under section 227.138 (2) of the statutes.

13 (END)