

2011 DRAFTING REQUEST

Bill

Received: 10/14/2011

Received By: jkreye

Wanted: As time permits

Companion to LRB:

For: Chris Taylor 266-5342

By/Representing: chris

May Contact:

Drafter: jkreye

Subject: Tax, Business - credits
Tax, Business - crp inc, fran
Tax, Individual - income credit
Tax, Other - estate
Tax, Individual - dedct/sbtrct

Addl. Drafters: mshovers

Extra Copies:

Submit via email: YES

Requester's email: Rep.Taylor@legis.wisconsin.gov

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

Pre Topic:

No specific pre topic given

Topic:

Combined reporting, earned income and homestead tax credits, domestic production activities credit, capital gains, estate tax

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>
/?				_____			State Tax
/P1	jkreye 10/17/2011			_____			S&L Tax
/1	mshovers 11/02/2011	mduchek 11/28/2011	phenry 11/28/2011	_____	ggodwin 11/28/2011		S&L Tax

<u>Vers.</u>	<u>Drafted</u>	<u>Reviewed</u>	<u>Typed</u>	<u>Proofed</u>	<u>Submitted</u>	<u>Jacketed</u>	<u>Required</u>
/2	jkreye 11/30/2011	csicilia 11/30/2011	jfrantze 11/30/2011	_____	lparisi 11/30/2011	ggodwin 02/13/2012	

FE Sent For: **12/14/2011.**

<END>

2011 DRAFTING REQUEST

Bill

Received: 10/14/2011

Received By: jkreye

Wanted: As time permits

Companion to LRB:

For: Chris Taylor 266-5342

By/Representing: chris

May Contact:

Drafter: jkreye

Subject: Tax, Business - credits
Tax, Business - crp inc, fran
Tax, Individual - income credit
Tax, Other - estate
Tax, Individual - dedct/sbtrct

Addl. Drafters: mshovers

Extra Copies:

Submit via email: YES

Requester's email: Rep.Taylor@legis.wisconsin.gov

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

Pre Topic:

No specific pre topic given

Topic:

Combined reporting, earned income and homestead tax credits, domestic production activities credit, capital gains, estate tax

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>
/?				_____			State Tax
/P1	jkreye 10/17/2011			_____			S&L Tax
/1	mshovers 11/02/2011	mduchek 11/28/2011	phenry 11/28/2011	_____	ggodwin 11/28/2011		S&L Tax

Vers. Drafted Reviewed Typed Proofed Submitted Jacketed Required

/2	jkreye 11/30/2011	csicilia 11/30/2011	jfrantze 11/30/2011	_____	lparisi 11/30/2011		
----	----------------------	------------------------	------------------------	-------	-----------------------	--	--

FE Sent For: /2

<END>

sent for 12-14-11
per Patrick from
Rep. Taylor's office

2011 DRAFTING REQUEST

Bill

Received: 10/14/2011

Received By: jkreye

Wanted: As time permits

Companion to LRB:

For: Chris Taylor 266-5342

By/Representing: chris

May Contact:

Drafter: jkreye

Subject: Tax, Business - credits
Tax, Business - crp inc, fran
Tax, Individual - income credit
Tax, Other - estate
Tax, Individual - dedct/sbtrct

Addl. Drafters: mshovers

Extra Copies:

Submit via email: YES

Requester's email: Rep.Taylor@legis.wisconsin.gov

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

Pre Topic:

No specific pre topic given

Topic:

Combined reporting, earned income and homestead tax credits, domestic production activities credit, capital gains, estate tax

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>
/?				_____			State Tax
/P1	jkreye 10/17/2011			_____			S&L Tax
/1	mshovers 11/02/2011	mduchek 11/28/2011	phenry 11/28/2011	_____	ggodwin 11/28/2011		

1/2 js 11/30
11
JG 11/30

Vers. Drafted Reviewed Typed Proofed Submitted Jacketed Required

FE Sent For:

<END>

2011 DRAFTING REQUEST

Bill

Received: 10/14/2011

Received By: jkreye

Wanted: As time permits

Companion to LRB:

For: Chris Taylor 266-5342

By/Representing: chris

May Contact:

Drafter: jkreye

Subject: Tax, Business - credits
Tax, Business - crp inc, fran
Tax, Individual - income credit
Tax, Other - estate

Addl. Drafters: mshovers

Extra Copies:

Submit via email: YES

Requester's email: Rep.Taylor@legis.wisconsin.gov

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

Pre Topic:

No specific pre topic given

Topic:

Combined reporting, earned income and homestead tax credits, domestic production activities credit, capital gains, estate tax

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>
1/?	jkreye						
11	NES 11/1/11	11/22/11	11/22/11	11/22/11	11/22/11		

FE Sent For:

<END>

LRB 3206

Kreye, Joseph

From: Walsh, Patrick
Sent: Friday, October 14, 2011 1:12 PM
To: Kreye, Joseph
Subject: Bill Drafting Request

Joe,

Could you please draft a bill that does the following:

✓ Repeal the changes made to the combined reporting law made in the 2011-13 budget. Please return the law to as it was in the 2009-11 State Budget.

MES ✓ Repeal the Earned Income Tax Credit (EITC) changes made in the 2011 - 13 Budget.

ME ✓ Repeal the changes made to the homestead tax credit (restore indexing it with inflation)

✓ Repeal the Domestic Production Activities Income Tax Credit

MES ✓ Capital gains - eliminate Wisconsin's individual income tax exclusion for long-term capital gains, other than gains on certain assets used in farming. Maintain the current exclusion for income from the sale of capital assets held for more than one year if the asset is farm livestock, farm real property, depreciable farm property, or farm equipment.

✓ Reinststate the estate tax for inheritences over \$1 million (exempt farms)

Please feel free to call if you have any questions.

Thank you very much.

Patrick Walsh
Legislative Aide
Office of Representative Chris Taylor
Patrick.Walsh@legis.wisconsin.gov
(608) 266-5342



State of Wisconsin
2011 - 2012 LEGISLATURE



LRB-3206/F1
JK&MES.....

11

PG MR

medAg's

PRELIMINARY DRAFT - NOT READY FOR INTRODUCTION

in 11-2

gen

due ^{mon} 11-28-11

1
2
3
4
5
6
7
8

AN ACT ...; relating to: disregarding a taxpayer's election to include another in its combined group, disallowing certain carry-forward amounts for combined reporting purposes, repealing the income and franchise tax credit for qualified production activities income, repealing the changes made to the earned income tax credit in 2011 Wisconsin Act 32, restoring indexing provisions to the homestead tax credit, eliminating the individual income tax exclusion for long-term capital gains other than for farm assets, and computing the estate tax based on 2009 federal law

INSERT 1-8

Analysis by the Legislative Reference Bureau

Combined reporting

Under current law, a taxpayer may elect to include in its combined group, for income and franchise tax reporting purposes, every corporation in its commonly controlled group, regardless of whether such corporations are engaged in the same unitary business of the taxpayer. Under current law, the Department of Revenue (DOR) may not disallow such an election, or disregard its effect. Under this bill, if DOR determines that such an election has the effect of tax avoidance, DOR must disregard the election's tax effect or disallow the election.

Under current law, for each taxable year that a corporation that is a member of a combined group has net business loss carry-forward from a taxable year

the portion of an estate that is in excess of

beginning before January 1, 2009, the corporation may, for 20 taxable years, use up to 5 percent of the net business loss carry-forward to offset the income of all other members of the combined group. The bill eliminates this provision.

Qualified production activities income credit

Under the federal Internal Revenue Code, a taxpayer may claim a deduction equal to 9 percent of the taxpayer's qualified production activities income in the taxable year or 9 percent of the taxpayer's total taxable income, whichever is less. For federal tax purposes, qualified production activities income is, generally, the amount of the taxpayer's domestic production gross receipts that exceed the sum of the cost of goods sold and other expenses, losses, or deductions. Domestic production gross receipts are, generally, gross receipts derived from property that was manufactured, produced, grown, or extracted in the United States.

Under current law, an individual taxpayer may claim a state income tax credit equal to the taxpayer's qualified production activities income derived from manufacturing property and agricultural property, multiplied by a certain percentage. A corporation or insurer may claim a state income and franchise tax credit equal to the lesser of its taxable income apportioned to this state or its qualified production activities income derived from manufacturing property or agricultural property, multiplied by a certain percentage. The percentage of qualified production activities income that a taxpayer may claim as a credit is 1.875 percent for 2013, 3.75 percent for 2014, 5.526 percent for 2015, and 7.5 percent for 2016 and for each year thereafter.

The bill eliminates the tax credit for qualified production activities income.

Estate tax

Under current law, the estate tax is equal to the federal estate tax credit allowed for state death taxes as computed under the federal estate tax law in effect on the day of the decedent's death. Under current federal law, the estate tax is imposed on estates of \$5,000,000 or more and the federal credit for state death taxes has been eliminated for 2011 and 2012.

Under this bill, for deaths occurring after December 31, 2011, the estate tax is equal to the federal estate tax credit allowed for state death taxes as computed under the federal estate tax law in effect on December 31, 2009. Under the bill, the tax imposed on estates of \$1,000,000 or more, but not on property used in farming.

Earned income tax credit

Under current law, as created in 2011 Wisconsin Act 32, the earned income tax credit (EITC) is reduced for claimants with two or more qualifying children. This bill repeals those provisions and restores former law. Under the bill, the EITC, as a percentage of the federal credit, would be four percent for claimants with one qualifying child, 14 percent for claimants with two qualifying children, and 43 percent for claimants with three or more qualifying children.

Homestead tax credit

Under current law, as created in 2011 Wisconsin Act 32, the homestead tax credit formula factors (maximum income, maximum property taxes, and income threshold) are not indexed for inflation after 2010. This bill repeals those provisions

located in this state

*like 2B
upper income tax bracket*

Insert A

2002

4

The

The

and restores former law. Under the bill, the homestead tax credit formula factors would be indexed for inflation for 2011 and beyond.

Exclusion of capital gains

Under current law, there is an income tax exclusion for individuals, fiduciaries, members of limited liability companies and partnerships, and shareholders of tax-option corporations for 30 percent of the net long-term capital gains realized from the sale of assets held more than one year and the sale of all assets acquired from a decedent, and an exclusion for 60 percent of such gains realized from the sale of farm assets held more than one year and the sale of all farm assets acquired from a decedent.

Under this bill, the exclusion of 30 percent of such net long-term capital gains, and all assets acquired from a decedent, does not apply to taxable years beginning after December 31, 2011. The bill does not affect the exclusion of the gains realized from the sale of farm assets held more than one year and the sale of farm assets acquired from a decedent.

Because this bill relates to an exemption from state or local taxes, it may be referred to the Joint Survey Committee on Tax Exemptions for a report to be printed as an appendix to the bill.

For further information see the ~~state~~ ^{state and local} fiscal estimate, which will be printed as an appendix to this bill.

Insert B

ANAL SPACE

(A)

Current 3-1

The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:

1 SECTION 1. 71.01 (14) of the statutes is amended to read:
2 71.01 (14) "Wisconsin net operating loss" of persons other than corporations
3 means "federal net operating loss" adjusted as prescribed in s. 71.05 (6) (a) and (b),
4 (7) to (12) and (19) to (21), ~~except s. 71.05 (6) (b) 9.~~, except that no deductions
5 allowable on schedule A for federal income tax purposes are allowable.

History: 1987 a. 312; 1987 a. 411 ss. 6 to 8, 26, 27, 31; 1989 a. 31, 100, 336; 1991 a. 39, 269; 1993 a. 16, 112, 437; 1995 a. 27, 380, 428; 1997 a. 27, 37, 237; 1999 a. 9, 194; 2001 a. 109; 2003 a. 33; 2005 a. 25, 49, 362; 2007 a. 20, 226; 2009 a. 2, 28, 161, 183; 2011 a. 32.

6 SECTION 2. 71.05 (6) (a) 15. of the statutes, as affected by 2011 Wisconsin Act
7 32, is amended to read:
8 71.05 (6) (a) 15. The amount of the credits computed under s. 71.07 (2dd), (2de),
9 (2di), (2dj), (2dL), (2dm), (2dr), (2ds), (2dx), (2dy), (3g), (3h), (3n), (3p), (3q), (3r),
10 (3rm), (3rn), (3s), (3t), (3w), (5e), (5f), (5h), (5i), (5j), (5k), ~~(5n)~~, (5r), (5rm), and (8r) and

SECTION 2

1 not passed through by a partnership, limited liability company, or tax-option
2 corporation that has added that amount to the partnership's, company's, or
3 tax-option corporation's income under s. 71.21 (4) or 71.34 (1k) (g).

History: 1987 a. 312; 1987 a. 411 ss. 42, 43, 45, 47 to 49, 51 to 53; 1989 a. 31, 46; 1991 a. 2, 37, 39, 269; 1993 a. 16, 112, 204, 263, 437; 1995 a. 27, 56, 209, 227, 261, 371, 403, 453; 1997 a. 27, 35, 39, 237; 1999 a. 9, 32, 44, 54, 65, 167; 2001 a. 16, 104, 105, 109; 2003 a. 85, 99, 119, 135, 183, 255, 289, 321, 326; 2005 a. 22, 25, 216, 254, 335, 361, 479, 483; 2007 a. 20, 96, 226; 2009 a. 2, 28, 205, 265, 269, 276, 295, 332, 344; 2011 a. 3, 5, 10, 32; s. 13.92 (1) (bm) 2.

4 **SECTION 3.** 71.05 (6) (b) 9. of the statutes is amended to read:

5 71.05 (6) (b) 9. On assets held more than one year and on all assets acquired
6 from a decedent, 30 percent of the capital gain as computed under the internal
7 revenue code, not including capital gains for which the federal tax treatment is
8 determined under section 406 of P.L. 99-514; not including amounts treated as
9 ordinary income for federal income tax purposes because of the recapture of
10 depreciation or any other reason; and not including amounts treated as capital gain
11 for federal income tax purposes from the sale or exchange of a lottery prize. For
12 purposes of this subdivision, the capital gains and capital losses for all assets shall
13 be netted before application of the percentage. This subdivision does not apply to
14 taxable years that begin after December 31, 2011.

History: 1987 a. 312; 1987 a. 411 ss. 42, 43, 45, 47 to 49, 51 to 53; 1989 a. 31, 46; 1991 a. 2, 37, 39, 269; 1993 a. 16, 112, 204, 263, 437; 1995 a. 27, 56, 209, 227, 261, 371, 403, 453; 1997 a. 27, 35, 39, 237; 1999 a. 9, 32, 44, 54, 65, 167; 2001 a. 16, 104, 105, 109; 2003 a. 85, 99, 119, 135, 183, 255, 289, 321, 326; 2005 a. 22, 25, 216, 254, 335, 361, 479, 483; 2007 a. 20, 96, 226; 2009 a. 2, 28, 205, 265, 269, 276, 295, 332, 344; 2011 a. 3, 5, 10, 32; s. 13.92 (1) (bm) 2.

15 **SECTION 4.** 71.05 (6) (b) 9m. of the statutes is amended to read:

16 71.05 (6) (b) 9m. On farm assets held more than one year and on all farm assets
17 acquired from a decedent, to the extent that they are not subtracted under subd. 9.
18 ~~or 10.~~, 60 percent of the capital gain as computed under the Internal Revenue Code,
19 not including capital gains for which the federal tax treatment is determined under
20 section 406 of P.L. 99-514; not including amounts treated as ordinary income for
21 federal income tax purposes because of the recapture of depreciation or any other
22 reason; and not including amounts treated as capital gain for federal income tax
23 purposes from the sale or exchange of a lottery prize. In this subdivision, "farm

1 assets” means livestock, farm equipment, farm real property, and farm depreciable
2 property. For purposes of this subdivision, the capital gains and capital losses for all
3 assets shall be netted before application of the percentage.

History: 1987 a. 312; 1987 a. 411 ss. 42, 43, 45, 47 to 49, 51 to 53; 1989 a. 31, 46; 1991 a. 2, 37, 39, 269; 1993 a. 16, 112, 204, 263, 437; 1995 a. 27, 56, 209, 227, 261, 371, 403, 453; 1997 a. 27, 35, 39, 237; 1999 a. 9, 32, 44, 54, 65, 167; 2001 a. 16, 104, 105, 109; 2003 a. 85, 99, 119, 135, 183, 255, 289, 321, 326; 2005 a. 22, 25, 216, 254, 335, 361, 479, 483; 2007 a. 20, 96, 226; 2009 a. 2, 28, 205, 265, 269, 276, 295, 332, 344; 2011 a. 3, 5, 10, 32; s. 13.92 (1) (bm) 2.

4 **SECTION 5.** 71.05 (6) (b) 25. of the statutes is amended to read:

5 71.05 (6) (b) 25. All gains that are not excluded from taxation under subd. ~~9.~~
6 ~~on business assets or 9m.~~ on assets used in farming, including shares in a corporation
7 or trust that meets the standards under s. 182.001 (1), or both, held more than one
8 year, that are sold or otherwise disposed of to persons who are related to the seller
9 or transferor by blood, marriage or adoption within the 3rd degree of kinship as
10 determined under s. 990.001 (16), as computed under the Internal Revenue Code, not
11 including amounts treated as ordinary income for federal income tax purposes
12 because of the recapture of depreciation or any other reason.

History: 1987 a. 312; 1987 a. 411 ss. 42, 43, 45, 47 to 49, 51 to 53; 1989 a. 31, 46; 1991 a. 2, 37, 39, 269; 1993 a. 16, 112, 204, 263, 437; 1995 a. 27, 56, 209, 227, 261, 371, 403, 453; 1997 a. 27, 35, 39, 237; 1999 a. 9, 32, 44, 54, 65, 167; 2001 a. 16, 104, 105, 109; 2003 a. 85, 99, 119, 135, 183, 255, 289, 321, 326; 2005 a. 22, 25, 216, 254, 335, 361, 479, 483; 2007 a. 20, 96, 226; 2009 a. 2, 28, 205, 265, 269, 276, 295, 332, 344; 2011 a. 3, 5, 10, 32; s. 13.92 (1) (bm) 2.

as created by 2011 Wisconsin Act 3

13 **SECTION 6.** 71.05 (6) (b) 47. b. of the statutes is amended to read:

14 71.05 (6) (b) 47. b. With respect to partners and members of limited liability
15 companies, for taxable years beginning after December 31, 2010, for 2 consecutive
16 taxable years beginning with the taxable year in which the partnership’s or limited
17 liability company’s business locates to this state from another state or another
18 country and begins doing business in this state, as defined in s. 71.22 (1r), and subject
19 to the limitations provided under subd. 47. d. and e., the partner’s or member’s
20 distributive share of taxable income as calculated under section 703 of the Internal
21 Revenue Code; plus the items of income and gain under section 702 of the Internal
22 Revenue Code, including taxable state and municipal bond interest and excluding
23 nontaxable interest income or dividend income from federal government obligations;

1 minus the items of loss and deduction under section 702 of the Internal Revenue
 2 Code, except items that are not deductible under s. 71.21; plus guaranteed payments
 3 to partners under section 707 (c) of the Internal Revenue Code; plus the credits
 4 claimed under s. 71.07 (2dd), (2de), (2di), (2dj), (2dL), (2dm), (2dr), (2ds), (2dx), (2dy),
 5 (3g), (3h), (3n), (3p), (3q), (3r), (3rm), (3rn), (3s), (3t), (3w), (5e), (5f), (5g), (5h), (5i),
 6 (5j), (5k), (5r), (5rm), and (8r); and plus or minus, as appropriate, transitional
 7 adjustments, depreciation differences, and basis differences under s. 71.05 (13), (15),
 8 (16), (17), and (19), multiplied by the apportionment fraction determined in s. 71.04
 9 (4) and subject to s. 71.04 (7) or by separate accounting. No amounts subtracted
 10 under this subd. 47. b. may be included in the modification under par. (b) ~~9.~~ or 9m.

as created by 2011 Wisconsin Act 3,

History: 1987 a. 312; 1987 a. 411 ss. 42, 43, 45, 47 to 49, 51 to 53; 1989 a. 31, 46; 1991 a. 2, 37, 39, 269; 1993 a. 16, 112, 204, 263, 437; 1995 a. 27, 56, 209, 227, 261, 371, 403, 453; 1997 a. 27, 35, 39, 237; 1999 a. 9, 32, 44, 54, 65, 167; 2001 a. 16, 104, 105, 109; 2003 a. 85, 99, 119, 135, 183, 255, 289, 321, 326; 2005 a. 22, 25, 216, 254, 335, 361, 479, 483; 2007 a. 20, 96, 226; 2009 a. 2, 28, 205, 265, 269, 276, 295, 332, 344; 2011 a. 3, 5, 10, 32; s. 13.92 (1) (bm) 2.

11

SECTION 7. 71.05 (6) (b) 47. c. of the statutes *is* amended to read:

12 71.05 (6) (b) 47. c. With respect to shareholders of a tax-option corporation, for
 13 taxable years beginning after December 31, 2010, for 2 consecutive taxable years
 14 beginning with the taxable year in which the tax-option corporation's business
 15 locates to this state from another state or another country and begins doing business
 16 in this state, as defined in s. 71.22 (1r), and subject to the limitations provided under
 17 subd. 47. d. and e., the shareholder's distributive share of the entity's net income or
 18 loss as determined under this chapter, including interest income from federal, state,
 19 and municipal government obligations, multiplied by the apportionment fraction
 20 determined in s. 71.25 (6m) and subject to s. 71.25 (9) or by separate accounting. No
 21 amounts subtracted under this subdivision may be included in the modification
 22 under par. (b) ~~9.~~ or 9m.

as affected by 2011 Wisconsin Act 32

History: 1987 a. 312; 1987 a. 411 ss. 42, 43, 45, 47 to 49, 51 to 53; 1989 a. 31, 46; 1991 a. 2, 37, 39, 269; 1993 a. 16, 112, 204, 263, 437; 1995 a. 27, 56, 209, 227, 261, 371, 403, 453; 1997 a. 27, 35, 39, 237; 1999 a. 9, 32, 44, 54, 65, 167; 2001 a. 16, 104, 105, 109; 2003 a. 85, 99, 119, 135, 183, 255, 289, 321, 326; 2005 a. 22, 25, 216, 254, 335, 361, 479, 483; 2007 a. 20, 96, 226; 2009 a. 2, 28, 205, 265, 269, 276, 295, 332, 344; 2011 a. 3, 5, 10, 32; s. 13.92 (1) (bm) 2.

23

SECTION 8. 71.05 (8) (b) of the statutes *is* amended to read:

1 71.05 (8) (b) A Wisconsin net operating loss may be carried forward against
 2 Wisconsin taxable incomes of the next 15 taxable years, if the taxpayer was subject
 3 to taxation under this chapter in the taxable year in which the loss was sustained,
 4 to the extent not offset against other income of the year of loss and to the extent not
 5 offset against Wisconsin modified taxable income of any year between the loss year
 6 and the taxable year for which the loss carry-forward is claimed. In this paragraph,
 7 "Wisconsin modified taxable income" means Wisconsin taxable income with the
 8 following exceptions: a net operating loss deduction or offset for the loss year or any
 9 taxable year thereafter is not allowed, the deduction for long-term capital gains
 10 under subs. (6) (b) ~~9~~ and 9m. and (25) is not allowed, the amount deductible for losses
 11 from sales or exchanges of capital assets may not exceed the amount includable in
 12 income for gains from sales or exchanges of capital assets and "Wisconsin modified
 13 taxable income" may not be less than zero.

as created by 2011 Wisconsin Act 3

History: 1987 a. 312; 1987 a. 411 ss. 42, 43, 45, 47 to 49, 51 to 53; 1989 a. 31, 46; 1991 a. 2, 37, 39, 269; 1993 a. 16, 112, 204, 263, 437; 1995 a. 27, 56, 209, 227, 261, 371, 403, 453; 1997 a. 27, 35, 39, 237; 1999 a. 9, 32, 44, 54, 65, 167; 2001 a. 16, 104, 105, 109; 2003 a. 85, 99, 119, 135, 183, 255, 289, 321, 326; 2005 a. 22, 25, 216, 254, 335, 361, 479, 483; 2007 a. 20, 96, 226; 2009 a. 2, 28, 205, 265, 269, 276, 295, 332, 344; 2011 a. 3, 5, 10, 32; s. 13.92 (1) (bm) 2.

14 **SECTION 9.** 71.05 (25) (b) (intro.) of the statutes is amended to read:

15 71.05 (25) (b) (intro.) For taxable years beginning after December 31, 2015, for
 16 a Wisconsin capital asset that is purchased after December 31, 2010, and held for at
 17 least 5 years, a claimant may subtract from federal adjusted gross income the lesser
 18 of one of the following amounts, to the extent that it is not subtracted under sub. (6)
 19 (b) ~~9~~ or 9m.:

*Insert
7-19*

History: 1987 a. 312; 1987 a. 411 ss. 42, 43, 45, 47 to 49, 51 to 53; 1989 a. 31, 46; 1991 a. 2, 37, 39, 269; 1993 a. 16, 112, 204, 263, 437; 1995 a. 27, 56, 209, 227, 261, 371, 403, 453; 1997 a. 27, 35, 39, 237; 1999 a. 9, 32, 44, 54, 65, 167; 2001 a. 16, 104, 105, 109; 2003 a. 85, 99, 119, 135, 183, 255, 289, 321, 326; 2005 a. 22, 25, 216, 254, 335, 361, 479, 483; 2007 a. 20, 96, 226; 2009 a. 2, 28, 205, 265, 269, 276, 295, 332, 344; 2011 a. 3, 5, 10, 32; s. 13.92 (1) (bm) 2.

20 **SECTION 10.** 71.07 (5n) of the statutes, as created by 2011 Wisconsin Act 32, is
 21 repealed.

22 **SECTION 11.** 71.07 (9e) (af) (intro.) of the statutes, as affected by 2011 Wisconsin
 23 Act 32, is amended to read:

1 71.07 (9e) (af) (intro.) For taxable years beginning after December 31, 1995,
2 ~~and before January 1, 2011~~, any natural person may credit against the tax imposed
3 under s. 71.02 an amount equal to one of the following percentages of the federal
4 basic earned income credit for which the person is eligible for the taxable year under
5 section 32 (b) (1) (A) to (C) of the Internal Revenue Code:

6 **SECTION 12.** 71.07 (9e) (aj) of the statutes, as created by 2011 Wisconsin Act 32,
7 is repealed.

8 **SECTION 13.** 71.10 (4) (cr) of the statutes, as created by 2011 Wisconsin Act 32,
9 is repealed.

10 **SECTION 14.** 71.21 (4) of the statutes, as affected by 2011 Wisconsin Act 32, is
11 amended to read:

12 71.21 (4) Credits computed by a partnership under s. 71.07 (2dd), (2de), (2di),
13 (2dj), (2dL), (2dm), (2ds), (2dx), (2dy), (3g), (3h), (3n), (3p), (3q), (3r), (3rm), (3rn), (3s),
14 (3t), (3w), (5e), (5f), (5g), (5h), (5i), (5j), (5k), (~~5n~~), (5r), (5rm), and (8r) and passed
15 through to partners shall be added to the partnership's income.

History: 1987 a. 312, 411; 1989 a. 31; 1993 a. 112; 1995 a. 27, 400; 1997 a. 27; 2001 a. 16; 2003 a. 99, 135, 255, 326; 2005 a. 74, 361, 479, 483; 2007 a. 20, 96; 2009 a. 2, 28, 265, 269, 295, 332; 2011 a. 32.

16 **SECTION 15.** 71.255 (2m) (d) of the statutes, as affected by 2011 Wisconsin Act
17 32, is amended to read:

18 71.255 (2m) (d) The department ~~may not~~ shall disregard the tax effect of an
19 election under this subsection, or disallow the election, with respect to any controlled
20 group member or members for any year of the election period, if the department
21 determines that the election has the effect of tax avoidance.

History: 2009 a. 2, 28, 276; 2011 a. 32.

22 **SECTION 16.** 71.255 (6) (a) of the statutes, as affected by 2011 Wisconsin Act 32,
23 is amended to read:

1 71.255 (6) (a) Except as provided in pars. (b), ~~(bm)~~, and (c) no tax credit,
2 Wisconsin net business loss carry-forward, or other post-apportionment deduction
3 earned by one member of the combined group, but not fully used by or allowed to that
4 member, may be used in whole or in part by another member of the combined group
5 or applied in whole or in part against the total income of the combined group. A
6 member of a combined group may use a carry-forward of a credit, Wisconsin net
7 business loss carry-forward, or other post-apportionment deduction otherwise
8 allowable under s. 71.26 or 71.45, that was incurred by that same member in a
9 taxable year beginning before January 1, 2009.

History: 2009 a. 2, 28, 276; 2011 a. 32.

10 **SECTION 17.** 71.255 (6) (bm) of the statutes, as created by 2011 Wisconsin Act
11 32, is repealed.

12 **SECTION 18.** 71.26 (2) (a) 4. of the statutes, as affected by 2011 Wisconsin Act
13 32, is amended to read:

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

History: 1987 a. 312; 1987 a. 411 ss. 22, 124 to 129; 1989 a. 31, 336; 1991 a. 37, 39, 221, 269; 1993 a. 16, 112, 246, 263, 399, 437, 491; 1995 a. 27, 56, 351, 371, 380, 428;
1997 a. 27, 37, 184, 237; 1999 a. 9, 65; 1999 a. 150 s. 672; 1999 a. 167, 194; 2001 a. 16, 38, 106, 109; 2003 a. 33, 85, 99, 135, 255, 326; 2005 a. 25, 74, 335, 361, 362, 479,
483; 2007 a. 20, 96, 97, 151, 226; 2009 a. 2, 28, 161, 165, 180, 183, 205, 265, 269, 295, 332, 344; 2011 a. 3, 5, 7, 10, 32.

21 **SECTION 19.** 71.26 (4) (a) of the statutes, as affected by 2011 Wisconsin Act 32,
22 is renumbered 71.26 (4) and amended to read:

1

71.26 (4) ~~Except as provided in par. (b), a~~ [↓] corporation, except a tax-option corporation or an insurer to which s. 71.45 (4) applies, may offset against its Wisconsin net business income any Wisconsin net business loss sustained in any of the next 15 preceding taxable years, if the corporation was subject to taxation under this chapter in the taxable year in which the loss was sustained, to the extent not offset by other items of Wisconsin income in the loss year and by Wisconsin net business income of any year between the loss year and the taxable year for which an offset is claimed. For purposes of this subsection Wisconsin net business income or loss shall consist of all the income attributable to the operation of a trade or business in this state, less the business expenses allowed as deductions in computing net income. The Wisconsin net business income or loss of corporations engaged in business within and without the state shall be determined under s. 71.25 (6) and (10) to (12). Nonapportionable losses having a Wisconsin situs under s. 71.25 (5) (b) shall be included in Wisconsin net business loss; and nonapportionable income having a Wisconsin situs under s. 71.25 (5) (b), whether taxable or exempt, shall be included in other items of Wisconsin income and Wisconsin net business income for purposes of this subsection.

History: 1987 a. 312; 1987 a. 411 ss. 22, 124 to 129; 1989 a. 31, 336; 1991 a. 37, 39, 221, 269; 1993 a. 16, 112, 246, 263, 399, 437, 491; 1995 a. 27, 56, 351, 371, 380, 428; 1997 a. 27, 37, 184, 237; 1999 a. 9, 65; 1999 a. 150 s. 672; 1999 a. 187, 194; 2001 a. 16, 38, 106, 109; 2003 a. 33, 85, 99, 135, 255, 326; 2005 a. 25, 74, 335, 361, 362, 479, 483; 2007 a. 20, 96, 97, 151, 226; 2009 a. 2, 28, 161, 165, 180, 183, 205, 265, 269, 295, 332, 344; 2011 a. 3, 5, 7, 10, 32.

18 **SECTION 20.** 71.26 (4) (b) of the statutes, as created by 2011 Wisconsin Act 32,
19 is repealed.

20 **SECTION 21.** 71.28 (5n) of the statutes, as created by 2011 Wisconsin Act 32, is
21 repealed.

22 **SECTION 22.** 71.30 (3) (dn) of the statutes, as created by 2011 Wisconsin Act 32,
23 is repealed.

1 **SECTION 23.** 71.34 (1k) (g) of the statutes, as affected by 2011 Wisconsin Act 32,
2 is amended to read:

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

History: 1987 a. 312; 1987 a. 411 ss. 18, 23, 146; 1989 a. 31, 336; 1991 a. 39, 269; 1993 a. 16, 437; 1995 a. 27, 380, 428; 1997 a. 27, 37, 237; 1999 a. 9, 194; 2001 a. 16, 109; 2003 a. 33, 99, 135, 255, 326; 2005 a. 25, 49, 74, 361, 479, 483; 2007 a. 20, 96, 226; 2009 a. 2, 28, 161, 183, 265, 269, 295, 332; 2011 a. 32.

7 **SECTION 24.** 71.36 (1m) (a) of the statutes is amended to read:

8 71.36 (1m) (a) A tax-option corporation may deduct from its net income all
9 amounts included in the Wisconsin adjusted gross income of its shareholders, ~~the~~
10 ~~capital gain deduction under s. 71.05 (6) (b) 9.~~ and all amounts not taxable to
11 nonresident shareholders under ss. 71.04 (1) and (4) to (9) and 71.362.

History: 1987 a. 312; 1995 a. 27, 56; 1999 a. 65; 1999 a. 150 & 672; 1999 a. 167; 2001 a. 38; 2009 a. 28, 205.

12 **SECTION 25.** 71.45 (2) (a) 10. of the statutes, as affected by 2011 Wisconsin Act
13 32, 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), ~~(5n)~~, (5r), (5rm), (8r), and (9s) and not passed
17 through by a partnership, limited liability company, or tax-option corporation that
18 has added that amount to the partnership's, limited liability company's, or
19 tax-option corporation's income under s. 71.21 (4) or 71.34 (1k) (g) and the amount
20 of credit computed under s. 71.47 (1), (3), (3t), (4), (4m), and (5).

History: 1987 a. 312; 1989 a. 31, 336, 359; 1991 a. 37, 39, 269; 1993 a. 16, 112, 263, 437; 1995 a. 27, 56, 371, 380; 1997 a. 27, 37, 237; 1999 a. 9, 65; 1999 a. 150 s. 672; 1999 a. 167, 194; 2001 a. 16, 38, 109; 2003 a. 37, 85, 99, 135, 255, 326; 2005 a. 74, 297, 335, 361, 479, 483; 2007 a. 20, 96, 226; 2009 a. 2, 28, 165, 205, 265, 269, 295, 332, 344; 2011 a. 3, 5, 32.

21 **SECTION 26.** 71.45 (4) (a) of the statutes, as affected by 2011 Wisconsin Act 32,
22 is renumbered 71.45 (4) and amended to read:

1 71.45 (4) ~~Except as provided in par. (b), insurers~~ Insurers computing tax under
2 this subchapter may subtract from Wisconsin net income any Wisconsin net business
3 loss sustained in any of the next 15 preceding taxable years to the extent not offset
4 by Wisconsin net business income of any year between the loss year and the taxable
5 year for which an offset is claimed and computed without regard to sub. (2) (a) 8. and
6 9. and this subsection and limited to the amount of net income, but no loss incurred
7 for a taxable year before taxable year 1987 by a nonprofit service plan of sickness care
8 under ch. 148, or dental care under s. 447.13 may be treated as a net business loss
9 of the successor service insurer under ch. 613 operating by virtue of s. 148.03 or
10 447.13.

History: 1987 a. 312; 1989 a. 31, 336, 359; 1991 a. 37, 39, 269; 1993 a. 16, 112, 263, 437; 1995 a. 27, 56, 371, 380; 1997 a. 27, 37, 237; 1999 a. 9, 65; 1999 a. 150 s. 672; 1999 a. 167, 194; 2001 a. 16, 38, 109; 2003 a. 37, 85, 99, 135, 255, 326; 2005 a. 74, 297, 335, 361, 479, 483; 2007 a. 20, 96, 226; 2009 a. 2, 28, 165, 205, 265, 269, 295, 332, 344; 2011 a. 3, 5, 32.

11 **SECTION 27.** 71.45 (4) (b) of the statutes, as created by 2011 Wisconsin Act 32,
12 is repealed.

13 **SECTION 28.** 71.47 (5n) of the statutes, as created by 2011 Wisconsin Act 32, is
14 repealed.

15 **SECTION 29.** 71.49 (1) (dn) of the statutes, as created by 2011 Wisconsin Act 32,
16 is repealed.

17 **SECTION 30.** 71.54 (1) (f) (intro.) of the statutes, as affected by 2011 Wisconsin
18 Act 32, is amended to read:

19 71.54 (1) (f) ~~2001 to 2011~~ and thereafter. (intro.) Subject to sub. (2m), the
20 amount of any claim filed in 2001 ~~to 2011~~ and thereafter and based on property taxes
21 accrued or rent constituting property taxes accrued during the previous year is
22 limited as follows:

23 **SECTION 31.** 71.54 (1) (g) of the statutes, as created by 2011 Wisconsin Act 32,
24 is repealed.

1 **SECTION 32.** 71.54 (2) (b) 3. of the statutes, as affected by 2011 Wisconsin Act
2 32, is amended to read:

3 71.54 (2) (b) 3. Subject to sub. (2m), in calendar years ~~1990 to 2010~~ year 1990
4 or any subsequent calendar year, \$1,450.

5 **SECTION 33.** 71.54 (2) (b) 4. of the statutes, as created by 2011 Wisconsin Act
6 32, is repealed.

7 **SECTION 34.** 71.54 (2m) of the statutes, as affected by 2011 Wisconsin Act 32,
8 is amended to read:

9 71.54 (2m) INDEXING FOR INFLATION; 2010 AND THEREAFTER. (a) For calendar years
10 beginning after December 31, 2009, ~~and before January 1, 2011~~, the dollar amounts
11 of the threshold income under sub. (1) (f) 1. and 2., the maximum household income
12 under sub. (1) (f) 3. and the maximum property taxes under sub. (2) (b) 3. shall be
13 increased each year by a percentage equal to the percentage change between the U.S.
14 consumer price index for all urban consumers, U.S. city average, for the 12-month
15 average of the U.S. consumer price index for the month of August of the year before
16 the previous year through the month of July of the previous year and the U.S.
17 consumer price index for all urban consumers, U.S. city average, for the 12-month
18 average of the U.S. consumer price index for August 2007 through July 2008, as
19 determined by the federal department of labor, except that the adjustment may occur
20 only if the percentage is a positive number. Each amount that is revised under this
21 paragraph shall be rounded to the nearest multiple of \$10 if the revised amount is
22 not a multiple of \$10 or, if the revised amount is a multiple of \$5, such an amount
23 shall be increased to the next higher multiple of \$10. The department of revenue
24 shall annually adjust the changes in dollar amounts required under this paragraph
25 and incorporate the changes into the income tax forms and instructions.

1 (b) The department of revenue shall annually adjust the slope under sub. (1)
 2 (f) 2. such that, as a claimant's income increases from the threshold income as
 3 calculated under par. (a), to an amount that exceeds the maximum household income
 4 as calculated under par. (a), the credit that may be claimed is reduced to \$0 and the
 5 department of revenue shall incorporate the changes into the income tax forms and
 6 instructions.

7 **SECTION 35.** 72.01 (11m) of the statutes is amended to read:

8 72.01 (11m) "Federal credit" means, for deaths occurring after September 30,
 9 2002, and before January 1, 2008, the federal estate tax credit allowed for state death
 10 taxes as computed under the federal estate tax law in effect on December 31, 2000,
 11 ~~and~~; for deaths occurring after December 31, 2007, and before January 1, 2012, the
 12 federal estate tax credit allowed for state death taxes as computed under the federal
 13 estate tax law in effect on the day of the decedent's death; and for deaths occurring
 14 after December 31, 2011, the federal estate tax credit allowed for state death taxes
 15 as computed under the federal estate tax law in effect on December 31, 2009. ⁹ ~~2009~~ 2002

History: 1971 c. 310; 1973 c. 90; 1977 c. 187 s. 135; 1977 c. 418; 1977 c. 449 ss. 181, 497; 1981 c. 20, 317; 1983 a. 27, 186, 189, 212; 1985 a. 29, 261; 1987 a. 27; 1997 a. 27; 2001 a. 16.

16 **SECTION 36.** 72.01 (11n) of the statutes is amended to read:

17 72.01 (11n) "Federal estate tax" means, for deaths occurring after September
 18 30, 2002, and before January 1, 2008, the federal estate tax as computed under the
 19 federal estate tax law in effect on December 31, 2000, ~~and~~; for deaths occurring after
 20 December 31, 2007, and before January 1, 2012, the federal estate tax as computed
 21 under the federal estate tax law in effect on the day of the decedent's death; and for
 22 deaths occurring after December 31, 2011, the federal estate tax as computed under
 23 the federal estate tax law in effect on December 31, 2009. ⁹ ~~2009~~ 2002

History: 1971 c. 310; 1973 c. 90; 1977 c. 187 s. 135; 1977 c. 418; 1977 c. 449 ss. 181, 497; 1981 c. 20, 317; 1983 a. 27, 186, 189, 212; 1985 a. 29, 261; 1987 a. 27; 1997 a. 27; 2001 a. 16.

1 **SECTION 37.** 72.02 of the statutes is amended to read:

2 **72.02 Estate tax imposed.** An estate tax is imposed upon the transfer of all
3 property that is subject to a federal estate tax and that has a taxable situs in this
4 state, not including property used in farming as described under section 464 (e) (1)
5 of the Internal Revenue Code. The tax imposed is equal to the federal credit against
6 the federal estate tax as finally determined. If only a portion of a decedent's property
7 has a taxable situs in this state, the tax imposed is the amount obtained by
8 multiplying the federal credit by a fraction the numerator of which is the value of the
9 decedent's estate that has a taxable situs in this state and the denominator of which
10 is the total value of the property in the estate that qualifies for the federal credit.

History: 1987 a. 27; 2001 a. 16.

11 **SECTION 38.** 77.92 (4) of the statutes, as affected by 2011 Wisconsin Act 32, is
12 amended to read:

13 77.92 (4) "Net business income," with respect to a partnership, means taxable
14 income as calculated under section 703 of the Internal Revenue Code; plus the items
15 of income and gain under section 702 of the Internal Revenue Code, including taxable
16 state and municipal bond interest and excluding nontaxable interest income or
17 dividend income from federal government obligations; minus the items of loss and
18 deduction under section 702 of the Internal Revenue Code, except items that are not
19 deductible under s. 71.21; plus guaranteed payments to partners under section 707
20 (c) of the Internal Revenue Code; plus the credits claimed under s. 71.07 (2dd), (2de),
21 (2di), (2dj), (2dL), (2dm), (2dr), (2ds), (2dx), (2dy), (3g), (3h), (3n), (3p), (3q), (3r),
22 (3rm), (3rn), (3s), (3t), (3w), (5e), (5f), (5g), (5h), (5i), (5j), (5k), ~~(5n)~~; (5r), (5rm), and
23 (8r); and plus or minus, as appropriate, transitional adjustments, depreciation
24 differences, and basis differences under s. 71.05 (13), (15), (16), (17), and (19); but

1 excluding income, gain, loss, and deductions from farming. "Net business income,"
2 with respect to a natural person, estate, or trust, means profit from a trade or
3 business for federal income tax purposes and includes net income derived as an
4 employee as defined in section 3121 (d) (3) of the Internal Revenue Code.

Insert
16-4

5 History: 1989 a. 335; 1991 a. 39, 269; 1993 a. 16, 112, 490; 1995 a. 27, 209; 1997 a. 27; 1999 a. 9; 2001 a. 16; 2003 a. 99, 135, 255, 326; 2005 a. 74, 361, 479, 483; 2007 a. 20, 96; 2009 a. 2, 28, 265, 269, 295, 332; 2011 a. 32.

SECTION 39. Initial applicability.

6 (1) The treatment of section 71.255 (2m) (d) of the statutes first applies
7 retroactively to taxable years beginning on January 1, 2009.

Insert
16-10

8 and (2) The treatment of sections 71.01 (14), 71.05 (6) (b) 9m., 25., and 47. b. and c., (8)
9 (b), (25) (b) (intro.), and 71.36 (1m) (a) of the statutes first applies to taxable years
10 beginning after December 31, 2011.

SECTION 40. Effective date.

11 (1) The treatment of section 71.255 (2m) (d) of the statutes takes effect
12 retroactively ^{to} on January 1, 2009.

13
14 (END)



State of Wisconsin
2011 - 2012 LEGISLATURE



LRB-2739/2
PG&MES:cjs:jf

2011 ASSEMBLY BILL 343

October 28, 2011 - Introduced by Representatives MASON, GRIGSBY, POCAN, ZAMARRIPA, ROYS, CLARK, MILROY, BEWLEY, TURNER, STEINBRINK, TOLES, VRUWINK, ZEPNICK, E. COGGS, FIELDS, RINGHAND, BERCEAU, HEBL, YOUNG, KESSLER, HULSEY and JORGENSEN, cosponsored by Senators C. LARSON, CARPENTER, S. COGGS, ERPENBACH, HANSEN, HOLPERIN, RISSER and WIRCH. Referred to Joint Committee on Finance.

INSERT 1-8

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.

Grants
title

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.

Insert
B

ASSEMBLY BILL 343

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.

end of insert B

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.

insert A

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:

insert 3-1

ASSEMBLY BILL 343

*Insert
3-1*

2011-12 2012-13

2 **20.292 Technical college system board**

3 (1) TECHNICAL COLLEGE SYSTEM

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

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

6 20.292 (1) (cr) *Grants to reduce unemployment.* The amounts in the schedule
7 for grants to technical college districts to reduce unemployment under s. 38.31.

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

9 38.28 (1m) (a) 1. "District aidable cost" means the annual cost of operating a
10 technical college district, including debt service charges for district bonds and
11 promissory notes for building programs or capital equipment, but excluding all
12 expenditures relating to auxiliary enterprises and community service programs, all
13 expenditures funded by or reimbursed with federal revenues, all receipts under sub.
14 (6) and ss. 38.12 (9), 38.14 (3) and (9), 118.15 (2) (a), and 118.55 (7r), all receipts from
15 grants awarded under ss. 38.04 (8), (20), (28), and (31), 38.14 (11), 38.26, 38.27, 38.31,
16 38.33, and 38.38, all fees collected under s. 38.24, and driver education and chauffeur
17 training aids.

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

19 **38.31 Grants to reduce unemployment. (1) DEFINITIONS.** In this section:

20 (a) "Dislocated worker" has the meaning given in 29 USC 2801 (9).

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



Amend 3-1
ASSEMBLY BILL 343

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.



Amend 3-1

ASSEMBLY BILL 343

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,



ASSEMBLY BILL 343**SECTION 4**

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. *end of 3-1*

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)

ASSEMBLY BILL 343

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.

end of 7-19

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.

Insert 8-7

20 **SECTION ~~9/16~~ 16. 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

Insert 16-4



ASSEMBLY BILL 343

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.

6 **SECTION 9246. Fiscal changes, Technical college system**

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

end of
16-4

12 **SECTION 9343. Initial applicability, Revenue**

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

16 (END)

Insert 16-10



State of Wisconsin
2011 - 2012 LEGISLATURE



LRB-3206/A
JK/MES/PG:med&cjs:ph

&

7

stays

RMR

2

2011 BILL

in Wed 11-30

Today

GEN
CAT

GA

1 AN ACT ~~to repeal~~ 71.07 (5n), 71.07 (9e) (aj), 71.10 (4) (cr), 71.255 (6) (bm), 71.26
2 (4) (b), 71.28 (5n), 71.30 (3) (dn), 71.45 (4) (b), 71.47 (5n), 71.49 (1) (dn), 71.54
3 (1) (g) and 71.54 (2) (b) 4.; **to renumber and amend** 71.26 (4) (a) and 71.45 (4)
4 (a); **to amend** 38.28 (1m) (a) 1., 71.01 (14), 71.05 (6) (a) 15., 71.05 (6) (b) 9., 71.05
5 (6) (b) 9m., 71.05 (6) (b) 25., 71.05 (6) (b) 47. b., 71.05 (6) (b) 47. c., 71.05 (8) (b),
6 71.05 (25) (b) (intro.), 71.06 (1p) (e), 71.06 (2) (g) 5., 71.06 (2) (h) 5., 71.06 (2e)
7 (b), 71.07 (9e) (af) (intro.), 71.09 (11) (f), 71.21 (4), 71.255 (2m) (d), 71.255 (6) (a),
8 71.26 (2) (a) 4., 71.34 (1k) (g), 71.36 (1m) (a), 71.45 (2) (a) 10., 71.54 (1) (f) (intro.),
9 71.54 (2) (b) 3., 71.54 (2m), 72.01 (11m), 72.01 (11n), 72.02 and 77.92 (4); and
10 **to create** 20.292 (1) (cr), 38.31, 71.06 (1p) (f), 71.06 (2) (g) 6. and 71.06 (2) (h)
11 6. of the statutes; **relating to:** disregarding a taxpayer's election to include
12 another in its combined group, disallowing certain carry-forward amounts for
13 combined reporting purposes, repealing the income and franchise tax credit for
14 qualified production activities income, repealing the changes made to the

BILL

1 earned income tax credit in 2011 Wisconsin Act 32, restoring indexing
 2 provisions to the homestead tax credit, eliminating the individual income tax
 3 exclusion for long-term capital gains other than for farm assets, computing the
 4 estate tax based on ²⁰⁰²2009 federal law, grants to technical college districts to
 5 reduce unemployment, ^{and} creating a new individual income tax upper bracket,
 6 providing an exemption from emergency rule procedures, granting
 7 rule-making authority, and making appropriations.

Analysis by the Legislative Reference Bureau***Combined reporting***

Under current law, a taxpayer may elect to include in its combined group, for income and franchise tax reporting purposes, every corporation in its commonly controlled group, regardless of whether such corporations are engaged in the same unitary business of the taxpayer. Under current law, the Department of Revenue (DOR) may not disallow such an election, or disregard its effect. Under this bill, if DOR determines that such an election has the effect of tax avoidance, DOR must disregard the election's tax effect or disallow the election.

Under current law, for each taxable year that a corporation that is a member of a combined group has net business loss carry-forward from a taxable year beginning before January 1, 2009, the corporation may, for 20 taxable years, use up to 5 percent of the net business loss carry-forward to offset the income of all other members of the combined group. The bill eliminates this provision.

Qualified production activities income credit

Under the federal Internal Revenue Code, a taxpayer may claim a deduction equal to 9 percent of the taxpayer's qualified production activities income in the taxable year or 9 percent of the taxpayer's total taxable income, whichever is less. For federal tax purposes, qualified production activities income is, generally, the amount of the taxpayer's domestic production gross receipts that exceed the sum of the cost of goods sold and other expenses, losses, or deductions. Domestic production gross receipts are, generally, gross receipts derived from property that was manufactured, produced, grown, or extracted in the United States.

Under current law, an individual taxpayer may claim a state income tax credit equal to the taxpayer's qualified production activities income derived from manufacturing property and agricultural property, multiplied by a certain percentage. A corporation or insurer may claim a state income and franchise tax credit equal to the lesser of its taxable income apportioned to this state or its qualified production activities income derived from manufacturing property or agricultural property located in this state, multiplied by a certain percentage. The percentage of

BILL

qualified production activities income that a taxpayer may claim as a credit is 1.875 percent for 2013, 3.75 percent for 2014, 5.526 percent for 2015, and 7.5 percent for 2016 and for each year thereafter.

The bill eliminates the tax credit for qualified production activities income.

Estate tax

Under current law, the estate tax is equal to the federal estate tax credit allowed for state death taxes as computed under the federal estate tax law in effect on the day of the decedent's death. Under current federal law, the estate tax is imposed on the portion of an estate that is in excess of \$5,000,000 and the federal credit for state death taxes has been eliminated for 2011 and 2012.

Under this bill, for deaths occurring after December 31, 2011, the estate tax is equal to the federal estate tax credit allowed for state death taxes as computed under the federal estate tax law in effect on December 31, 2002. Under the bill, the tax imposed on estates of \$1,000,000 or more, but not on property used in farming.

Upper income tax bracket

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.

Earned income tax credit

Under current law, as created in 2011 Wisconsin Act 32, the earned income tax credit (EITC) is reduced for claimants with two or more qualifying children. The bill repeals those provisions and restores former law. Under the bill, the EITC, as a percentage of the federal credit, would be 4 percent for claimants with one qualifying child, 14 percent for claimants with two qualifying children, and 43 percent for claimants with three or more qualifying children.

Homestead tax credit

Under current law, as created in 2011 Wisconsin Act 32, the homestead tax credit formula factors (maximum income, maximum property taxes, and income threshold) are not indexed for inflation after 2010. The bill repeals those provisions

BILL

and restores former law. Under the bill, the homestead tax credit formula factors would be indexed for inflation for 2011 and beyond.

Exclusion of capital gains

Under current law, there is an income tax exclusion for individuals, fiduciaries, members of limited liability companies and partnerships, and shareholders of tax-option corporations for 30 percent of the net long-term capital gains realized from the sale of assets held more than one year and the sale of all assets acquired from a decedent, and an exclusion for 60 percent of such gains realized from the sale of farm assets held more than one year and the sale of all farm assets acquired from a decedent.

Under this bill, the exclusion of 30 percent of such net long-term capital gains, and all assets acquired from a decedent, does not apply to taxable years beginning after December 31, 2011. The bill does not affect the exclusion of the gains realized from the sale of farm assets held more than one year and the sale of farm assets acquired from a decedent.

Grants

The 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.

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.

Because this bill relates to an exemption from state or local taxes, it may be referred to the Joint Survey Committee on Tax Exemptions for a report to be printed as an appendix to the bill.

BILL

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:

SECTION 1. 20.005 (3) (schedule) of the statutes: at the appropriate place, insert the following amounts for the purposes indicated:

	2011-12	2012-13
20.292 Technical college system board		
(1) TECHNICAL COLLEGE SYSTEM		
(cr) Grants to reduce unemployment GPR A	-0-	35,800,000

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

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

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

BILL**SECTION 4**

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

2 (a) "Dislocated worker" has the meaning given in 29 USC 2801 (9).

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

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

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

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

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

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

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

23 (a) To recruit, enroll, instruct, provide support services to, and pay the tuition
24 and fees of dislocated workers who enroll in the district in an associate degree

BILL

1 program, collegiate transfer program, vocational diploma program, or
2 vocational-adult program.

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

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

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

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

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

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

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

BILL

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

2 3. The number of people who were assisted with each grant awarded, the
3 technical college programs in which they enrolled, the number of people who
4 completed such programs, the number of people who found employment in the
5 district and elsewhere upon completing such programs and their annual salaries,
6 and the tax revenue generated as a result, as estimated by the department of
7 revenue.

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

10 (8) RULES. The board shall promulgate rules to implement and administer this
11 section.

12 SECTION 5. 71.01 (14) of the statutes is amended to read:

13 71.01 (14) "Wisconsin net operating loss" of persons other than corporations
14 means "federal net operating loss" adjusted as prescribed in s. 71.05 (6) (a) and (b),
15 (7) to (12) and (19) to (21), ~~except s. 71.05 (6) (b) 9.~~, except that no deductions
16 allowable on schedule A for federal income tax purposes are allowable.

17 SECTION 6. 71.05 (6) (a) 15. of the statutes, as affected by 2011 Wisconsin Act
18 32, is amended to read:

19 71.05 (6) (a) 15. The amount of the credits computed under s. 71.07 (2dd), (2de),
20 (2di), (2dj), (2dL), (2dm), (2dr), (2ds), (2dx), (2dy), (3g), (3h), (3n), (3p), (3q), (3r),
21 (3rm), (3rn), (3s), (3t), (3w), (5e), (5f), (5h), (5i), (5j), (5k), ~~(5n)~~, (5r), (5rm), and (8r) and
22 not passed through by a partnership, limited liability company, or tax-option
23 corporation that has added that amount to the partnership's, company's, or
24 tax-option corporation's income under s. 71.21 (4) or 71.34 (1k) (g).

25 SECTION 7. 71.05 (6) (b) 9. of the statutes is amended to read:

BILL

1 71.05 (6) (b) 9. On assets held more than one year and on all assets acquired
2 from a decedent, 30 percent of the capital gain as computed under the internal
3 revenue code, not including capital gains for which the federal tax treatment is
4 determined under section 406 of P.L. 99-514; not including amounts treated as
5 ordinary income for federal income tax purposes because of the recapture of
6 depreciation or any other reason; and not including amounts treated as capital gain
7 for federal income tax purposes from the sale or exchange of a lottery prize. For
8 purposes of this subdivision, the capital gains and capital losses for all assets shall
9 be netted before application of the percentage. This subdivision does not apply to
10 taxable years that begin after December 31, 2011.

11 **SECTION 8.** 71.05 (6) (b) 9m. of the statutes is amended to read:

12 71.05 (6) (b) 9m. On farm assets held more than one year and on all farm assets
13 acquired from a decedent, to the extent that they are not subtracted under subd. 9.
14 or 10., 60 percent of the capital gain as computed under the Internal Revenue Code,
15 not including capital gains for which the federal tax treatment is determined under
16 section 406 of P.L. 99-514; not including amounts treated as ordinary income for
17 federal income tax purposes because of the recapture of depreciation or any other
18 reason; and not including amounts treated as capital gain for federal income tax
19 purposes from the sale or exchange of a lottery prize. In this subdivision, "farm
20 assets" means livestock, farm equipment, farm real property, and farm depreciable
21 property. For purposes of this subdivision, the capital gains and capital losses for all
22 assets shall be netted before application of the percentage.

23 **SECTION 9.** 71.05 (6) (b) 25. of the statutes is amended to read:

24 71.05 (6) (b) 25. All gains that are not excluded from taxation under subd. 9.,
25 ~~on business assets or 9m.~~ on assets used in farming, including shares in a corporation

BILL**SECTION 9**

1 or trust that meets the standards under s. 182.001 (1), or both, held more than one
2 year, that are sold or otherwise disposed of to persons who are related to the seller
3 or transferor by blood, marriage or adoption within the 3rd degree of kinship as
4 determined under s. 990.001 (16), as computed under the Internal Revenue Code, not
5 including amounts treated as ordinary income for federal income tax purposes
6 because of the recapture of depreciation or any other reason.

7 **SECTION 10.** 71.05 (6) (b) 47. b. of the statutes, as created by 2011 Wisconsin
8 Act 3, is amended to read:

9 71.05 (6) (b) 47. b. With respect to partners and members of limited liability
10 companies, for taxable years beginning after December 31, 2010, for 2 consecutive
11 taxable years beginning with the taxable year in which the partnership's or limited
12 liability company's business locates to this state from another state or another
13 country and begins doing business in this state, as defined in s. 71.22 (1r), and subject
14 to the limitations provided under subd. 47. d. and e., the partner's or member's
15 distributive share of taxable income as calculated under section 703 of the Internal
16 Revenue Code; plus the items of income and gain under section 702 of the Internal
17 Revenue Code, including taxable state and municipal bond interest and excluding
18 nontaxable interest income or dividend income from federal government obligations;
19 minus the items of loss and deduction under section 702 of the Internal Revenue
20 Code, except items that are not deductible under s. 71.21; plus guaranteed payments
21 to partners under section 707 (c) of the Internal Revenue Code; plus the credits
22 claimed under s. 71.07 (2dd), (2de), (2di), (2dj), (2dL), (2dm), (2dr), (2ds), (2dx), (2dy),
23 (3g), (3h), (3n), (3p), (3q), (3r), (3rm), (3rn), (3s), (3t), (3w), (5e), (5f), (5g), (5h), (5i),
24 (5j), (5k), (5r), (5rm), and (8r); and plus or minus, as appropriate, transitional
25 adjustments, depreciation differences, and basis differences under s. 71.05 (13), (15),

BILL

1 (16), (17), and (19), multiplied by the apportionment fraction determined in s. 71.04
2 (4) and subject to s. 71.04 (7) or by separate accounting. No amounts subtracted
3 under this subd. 47. b. may be included in the modification under par. (b) ~~9. or~~ 9m.

4 **SECTION 11.** 71.05 (6) (b) 47. c. of the statutes, as created by 2011 Wisconsin Act
5 3, is amended to read:

6 71.05 (6) (b) 47. c. With respect to shareholders of a tax-option corporation, for
7 taxable years beginning after December 31, 2010, for 2 consecutive taxable years
8 beginning with the taxable year in which the tax-option corporation's business
9 locates to this state from another state or another country and begins doing business
10 in this state, as defined in s. 71.22 (1r), and subject to the limitations provided under
11 subd. 47. d. and e., the shareholder's distributive share of the entity's net income or
12 loss as determined under this chapter, including interest income from federal, state,
13 and municipal government obligations, multiplied by the apportionment fraction
14 determined in s. 71.25 (6m) and subject to s. 71.25 (9) or by separate accounting. No
15 amounts subtracted under this subdivision may be included in the modification
16 under par. (b) ~~9. or~~ 9m.

17 **SECTION 12.** 71.05 (8) (b) of the statutes, as affected by 2011 Wisconsin Act 32,
18 is amended to read:

19 71.05 (8) (b) A Wisconsin net operating loss may be carried forward against
20 Wisconsin taxable incomes of the next 15 taxable years, if the taxpayer was subject
21 to taxation under this chapter in the taxable year in which the loss was sustained,
22 to the extent not offset against other income of the year of loss and to the extent not
23 offset against Wisconsin modified taxable income of any year between the loss year
24 and the taxable year for which the loss carry-forward is claimed. In this paragraph,
25 "Wisconsin modified taxable income" means Wisconsin taxable income with the

BILL

1 following exceptions: a net operating loss deduction or offset for the loss year or any
2 taxable year thereafter is not allowed, the deduction for long-term capital gains
3 under subs. (6) (b) ~~9~~ and 9m. and (25) is not allowed, the amount deductible for losses
4 from sales or exchanges of capital assets may not exceed the amount includable in
5 income for gains from sales or exchanges of capital assets and "Wisconsin modified
6 taxable income" may not be less than zero.

7 **SECTION 13.** 71.05 (25) (b) (intro.) of the statutes, as created by 2011 Wisconsin
8 Act 32, is amended to read:

9 71.05 (25) (b) (intro.) For taxable years beginning after December 31, 2015, for
10 a Wisconsin capital asset that is purchased after December 31, 2010, and held for at
11 least 5 years, a claimant may subtract from federal adjusted gross income the lesser
12 of one of the following amounts, to the extent that it is not subtracted under sub. (6)
13 (b) ~~9~~ or 9m.:

14 **SECTION 14.** 71.06 (1p) (e) of the statutes is amended to read:

15 71.06 (1p) (e) On all taxable income exceeding \$225,000 but not exceeding
16 \$1,000,000, 7.75 percent.

17 **SECTION 15.** 71.06 (1p) (f) of the statutes is created to read:

18 71.06 (1p) (f) On all taxable income exceeding \$1,000,000, 8.75 percent.

19 **SECTION 16.** 71.06 (2) (g) 5. of the statutes is amended to read:

20 71.06 (2) (g) 5. On all taxable income exceeding \$300,000 but not exceeding
21 \$1,000,000, 7.75 percent.

22 **SECTION 17.** 71.06 (2) (g) 6. of the statutes is created to read:

23 71.06 (2) (g) 6. On all taxable income exceeding \$1,000,000, 8.75 percent.

24 **SECTION 18.** 71.06 (2) (h) 5. of the statutes is amended to read:

BILL

1 71.06 (2) (h) 5. On all taxable income exceeding \$150,000 but not exceeding
2 \$500,000, 7.75 percent.

3 **SECTION 19.** 71.06 (2) (h) 6. of the statutes is created to read:

4 71.06 (2) (h) 6. On all taxable income exceeding \$500,000, 8.75 percent.

5 **SECTION 20.** 71.06 (2e) (b) of the statutes is amended to read:

6 71.06 (2e) (b) For taxable years beginning after December 31, 2009, the
7 maximum dollar amount in each tax bracket, and the corresponding minimum dollar
8 amount in the next bracket, under subs. (1p) (d) and (e) and (2) (g) 4. and 5. and (h)
9 4. and 5., and the dollar amount in the top bracket under subs. (1p) (e) (f) and (2) (g)
10 ~~5. 6.~~ and (h) ~~5. 6.~~, shall be increased each year by a percentage equal to the percentage
11 change between the U.S. consumer price index for all urban consumers, U.S. city
12 average, for the month of August of the previous year and the U.S. consumer price
13 index for all urban consumers, U.S. city average, for the month of August 2008, as
14 determined by the federal department of labor, except that for taxable years
15 beginning after December 31, 2011, the adjustment may occur only if the resulting
16 amount is greater than the corresponding amount that was calculated for the
17 previous year. Each amount that is revised under this paragraph shall be rounded
18 to the nearest multiple of \$10 if the revised amount is not a multiple of \$10 or, if the
19 revised amount is a multiple of \$5, such an amount shall be increased to the next
20 higher multiple of \$10. The department of revenue shall annually adjust the changes
21 in dollar amounts required under this paragraph and incorporate the changes into
22 the income tax forms and instructions.

23 **SECTION 21.** 71.07 (5n) of the statutes, as created by 2011 Wisconsin Act 32, is
24 repealed.

BILL

1 **SECTION 22.** 71.07 (9e) (af) (intro.) of the statutes, as affected by 2011 Wisconsin
2 Act 32, is amended to read:

3 71.07 (9e) (af) (intro.) For taxable years beginning after December 31, 1995,
4 ~~and before January 1, 2011,~~ any natural person may credit against the tax imposed
5 under s. 71.02 an amount equal to one of the following percentages of the federal
6 basic earned income credit for which the person is eligible for the taxable year under
7 section 32 (b) (1) (A) to (C) of the Internal Revenue Code:

8 **SECTION 23.** 71.07 (9e) (aj) of the statutes, as created by 2011 Wisconsin Act 32,
9 is repealed.

10 **SECTION 24.** 71.09 (11) (f) of the statutes is amended to read:

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

15 **SECTION 25.** 71.10 (4) (cr) of the statutes, as created by 2011 Wisconsin Act 32,
16 is repealed.

17 **SECTION 26.** 71.21 (4) of the statutes, as affected by 2011 Wisconsin Act 32, is
18 amended to read:

19 71.21 (4) Credits computed by a partnership under s. 71.07 (2dd), (2de), (2di),
20 (2dj), (2dL), (2dm), (2ds), (2dx), (2dy), (3g), (3h), (3n), (3p), (3q), (3r), (3rm), (3rn), (3s),
21 (3t), (3w), (5e), (5f), (5g), (5h), (5i), (5j), (5k), ~~(5n)~~, (5r), (5rm), and (8r) and passed
22 through to partners shall be added to the partnership's income.

23 **SECTION 27.** 71.255 (2m) (d) of the statutes, as affected by 2011 Wisconsin Act
24 32, is amended to read:

BILL

1 71.255 (2m) (d) The department ~~may not~~ shall disregard the tax effect of an
2 election under this subsection, or disallow the election, with respect to any controlled
3 group member or members for any year of the election period, if the department
4 determines that the election has the effect of tax avoidance.

5 **SECTION 28.** 71.255 (6) (a) of the statutes, as affected by 2011 Wisconsin Act 32,
6 is amended to read:

7 71.255 (6) (a) Except as provided in pars. (b), ~~(bm)~~, and (c) no tax credit,
8 Wisconsin net business loss carry-forward, or other post-apportionment deduction
9 earned by one member of the combined group, but not fully used by or allowed to that
10 member, may be used in whole or in part by another member of the combined group
11 or applied in whole or in part against the total income of the combined group. A
12 member of a combined group may use a carry-forward of a credit, Wisconsin net
13 business loss carry-forward, or other post-apportionment deduction otherwise
14 allowable under s. 71.26 or 71.45, that was incurred by that same member in a
15 taxable year beginning before January 1, 2009.

16 **SECTION 29.** 71.255 (6) (bm) of the statutes, as created by 2011 Wisconsin Act
17 32, is repealed.

18 **SECTION 30.** 71.26 (2) (a) 4. of the statutes, as affected by 2011 Wisconsin Act
19 32, is amended to read:

20 71.26 (2) (a) 4. Plus the amount of the credit computed under s. 71.28 (1dd),
21 (1de), (1di), (1dj), (1dL), (1dm), (1ds), (1dx), (1dy), (3g), (3h), (3n), (3p), (3q), (3r),
22 (3rm), (3rn), (3t), (3w), (5e), (5f), (5g), (5h), (5i), (5j), (5k), ~~(5n)~~, (5r), (5rm), (8r), and
23 (9s) and not passed through by a partnership, limited liability company, or
24 tax-option corporation that has added that amount to the partnership's, limited

BILL**SECTION 30**

1 liability company's, or tax-option corporation's income under s. 71.21 (4) or 71.34 (1k)
2 (g).

3 **SECTION 31.** 71.26 (4) (a) of the statutes, as affected by 2011 Wisconsin Act 32,
4 is renumbered 71.26 (4) and amended to read:

5 71.26 (4) ~~Except as provided in par. (b), a~~ A corporation, except a tax-option
6 corporation or an insurer to which s. 71.45 (4) applies, may offset against its
7 Wisconsin net business income any Wisconsin net business loss sustained in any of
8 the next 15 preceding taxable years, if the corporation was subject to taxation under
9 this chapter in the taxable year in which the loss was sustained, to the extent not
10 offset by other items of Wisconsin income in the loss year and by Wisconsin net
11 business income of any year between the loss year and the taxable year for which an
12 offset is claimed. For purposes of this subsection Wisconsin net business income or
13 loss shall consist of all the income attributable to the operation of a trade or business
14 in this state, less the business expenses allowed as deductions in computing net
15 income. The Wisconsin net business income or loss of corporations engaged in
16 business within and without the state shall be determined under s. 71.25 (6) and (10)
17 to (12). Nonapportionable losses having a Wisconsin situs under s. 71.25 (5) (b) shall
18 be included in Wisconsin net business loss; and nonapportionable income having a
19 Wisconsin situs under s. 71.25 (5) (b), whether taxable or exempt, shall be included
20 in other items of Wisconsin income and Wisconsin net business income for purposes
21 of this subsection.

22 **SECTION 32.** 71.26 (4) (b) of the statutes, as created by 2011 Wisconsin Act 32,
23 is repealed.

24 **SECTION 33.** 71.28 (5n) of the statutes, as created by 2011 Wisconsin Act 32, is
25 repealed.

BILL

1 **SECTION 34.** 71.30 (3) (dn) of the statutes, as created by 2011 Wisconsin Act 32,
2 is repealed.

3 **SECTION 35.** 71.34 (1k) (g) of the statutes, as affected by 2011 Wisconsin Act 32,
4 is amended to read:

5 71.34 (1k) (g) An addition shall be made for credits computed by a tax-option
6 corporation under s. 71.28 (1dd), (1de), (1di), (1dj), (1dL), (1dm), (1ds), (1dx), (1dy),
7 (3), (3g), (3h), (3n), (3p), (3q), (3r), (3rm), (3rn), (3t), (3w), (5e), (5f), (5g), (5h), (5i), (5j),
8 (5k), ~~(5n)~~, (5r), (5rm), and (8r) and passed through to shareholders.

9 **SECTION 36.** 71.36 (1m) (a) of the statutes is amended to read:

10 71.36 (1m) (a) A tax-option corporation may deduct from its net income all
11 amounts included in the Wisconsin adjusted gross income of its shareholders, ~~the~~
12 ~~capital gain deduction under s. 71.05 (6) (b) 9.~~ and all amounts not taxable to
13 nonresident shareholders under ss. 71.04 (1) and (4) to (9) and 71.362.

14 **SECTION 37.** 71.45 (2) (a) 10. of the statutes, as affected by 2011 Wisconsin Act
15 32, is amended to read:

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

23 **SECTION 38.** 71.45 (4) (a) of the statutes, as affected by 2011 Wisconsin Act 32,
24 is renumbered 71.45 (4) and amended to read:

BILL

1 71.45 (4) ~~Except as provided in par. (b), insurers~~ Insurers computing tax under
2 this subchapter may subtract from Wisconsin net income any Wisconsin net business
3 loss sustained in any of the next 15 preceding taxable years to the extent not offset
4 by Wisconsin net business income of any year between the loss year and the taxable
5 year for which an offset is claimed and computed without regard to sub. (2) (a) 8. and
6 9. and this subsection and limited to the amount of net income, but no loss incurred
7 for a taxable year before taxable year 1987 by a nonprofit service plan of sickness care
8 under ch. 148, or dental care under s. 447.13 may be treated as a net business loss
9 of the successor service insurer under ch. 613 operating by virtue of s. 148.03 or
10 447.13.

11 **SECTION 39.** 71.45 (4) (b) of the statutes, as created by 2011 Wisconsin Act 32,
12 is repealed.

13 **SECTION 40.** 71.47 (5n) of the statutes, as created by 2011 Wisconsin Act 32, is
14 repealed.

15 **SECTION 41.** 71.49 (1) (dn) of the statutes, as created by 2011 Wisconsin Act 32,
16 is repealed.

17 **SECTION 42.** 71.54 (1) (f) (intro.) of the statutes, as affected by 2011 Wisconsin
18 Act 32, is amended to read:

19 71.54 (1) (f) ~~2001 to 2011~~ and thereafter. (intro.) Subject to sub. (2m), the
20 amount of any claim filed in 2001 ~~to 2011~~ and thereafter and based on property taxes
21 accrued or rent constituting property taxes accrued during the previous year is
22 limited as follows:

23 **SECTION 43.** 71.54 (1) (g) of the statutes, as created by 2011 Wisconsin Act 32,
24 is repealed.

BILL

1 **SECTION 44.** 71.54 (2) (b) 3. of the statutes, as affected by 2011 Wisconsin Act
2 32, is amended to read:

3 71.54 (2) (b) 3. Subject to sub. (2m), in calendar ~~years 1990 to 2010~~ year 1990
4 or any subsequent calendar year, \$1,450.

5 **SECTION 45.** 71.54 (2) (b) 4. of the statutes, as created by 2011 Wisconsin Act
6 32, is repealed.

7 **SECTION 46.** 71.54 (2m) of the statutes, as affected by 2011 Wisconsin Act 32,
8 is amended to read:

9 71.54 (2m) INDEXING FOR INFLATION; 2010 AND THEREAFTER. (a) For calendar years
10 beginning after December 31, 2009, ~~and before January 1, 2011~~, the dollar amounts
11 of the threshold income under sub. (1) (f) 1. and 2., the maximum household income
12 under sub. (1) (f) 3. and the maximum property taxes under sub. (2) (b) 3. shall be
13 increased each year by a percentage equal to the percentage change between the U.S.
14 consumer price index for all urban consumers, U.S. city average, for the 12-month
15 average of the U.S. consumer price index for the month of August of the year before
16 the previous year through the month of July of the previous year and the U.S.
17 consumer price index for all urban consumers, U.S. city average, for the 12-month
18 average of the U.S. consumer price index for August 2007 through July 2008, as
19 determined by the federal department of labor, except that the adjustment may occur
20 only if the percentage is a positive number. Each amount that is revised under this
21 paragraph shall be rounded to the nearest multiple of \$10 if the revised amount is
22 not a multiple of \$10 or, if the revised amount is a multiple of \$5, such an amount
23 shall be increased to the next higher multiple of \$10. The department of revenue
24 shall annually adjust the changes in dollar amounts required under this paragraph
25 and incorporate the changes into the income tax forms and instructions.

BILL

1 (b) The department of revenue shall annually adjust the slope under sub. (1)
2 (f) 2. such that, as a claimant's income increases from the threshold income as
3 calculated under par. (a), to an amount that exceeds the maximum household income
4 as calculated under par. (a), the credit that may be claimed is reduced to \$0 and the
5 department of revenue shall incorporate the changes into the income tax forms and
6 instructions.

7 **SECTION 47.** 72.01 (11m) of the statutes is amended to read:

8 72.01 (11m) "Federal credit" means, for deaths occurring after September 30,
9 2002, and before January 1, 2008, the federal estate tax credit allowed for state death
10 taxes as computed under the federal estate tax law in effect on December 31, 2000,
11 ~~and;~~ for deaths occurring after December 31, 2007, and before January 1, 2012, the
12 federal estate tax credit allowed for state death taxes as computed under the federal
13 estate tax law in effect on the day of the decedent's death; and for deaths occurring
14 after December 31, 2011, the federal estate tax credit allowed for state death taxes
15 as computed under the federal estate tax law in effect on December 31, 2002.

16 **SECTION 48.** 72.01 (11n) of the statutes is amended to read:

17 72.01 (11n) "Federal estate tax" means, for deaths occurring after September
18 30, 2002, and before January 1, 2008, the federal estate tax as computed under the
19 federal estate tax law in effect on December 31, 2000, ~~and;~~ for deaths occurring after
20 December 31, 2007, and before January 1, 2012, the federal estate tax as computed
21 under the federal estate tax law in effect on the day of the decedent's death; and for
22 deaths occurring after December 31, 2011, the federal estate tax as computed under
23 the federal estate tax law in effect on December 31, 2002.

24 **SECTION 49.** 72.02 of the statutes is amended to read:

BILL

1 **72.02 Estate tax imposed.** An estate tax is imposed upon the transfer of all
2 property that is subject to a federal estate tax and that has a taxable situs in this
3 state, not including property used in farming as described under section 464 (e) (1)
4 of the Internal Revenue Code. The tax imposed is equal to the federal credit against
5 the federal estate tax as finally determined. If only a portion of a decedent's property
6 has a taxable situs in this state, the tax imposed is the amount obtained by
7 multiplying the federal credit by a fraction the numerator of which is the value of the
8 decedent's estate that has a taxable situs in this state and the denominator of which
9 is the total value of the property in the estate that qualifies for the federal credit.

10 **SECTION 50.** 77.92 (4) of the statutes, as affected by 2011 Wisconsin Act 32, is
11 amended to read:

12 77.92 (4) "Net business income," with respect to a partnership, means taxable
13 income as calculated under section 703 of the Internal Revenue Code; plus the items
14 of income and gain under section 702 of the Internal Revenue Code, including taxable
15 state and municipal bond interest and excluding nontaxable interest income or
16 dividend income from federal government obligations; minus the items of loss and
17 deduction under section 702 of the Internal Revenue Code, except items that are not
18 deductible under s. 71.21; plus guaranteed payments to partners under section 707
19 (c) of the Internal Revenue Code; plus the credits claimed under s. 71.07 (2dd), (2de),
20 (2di), (2dj), (2dL), (2dm), (2dr), (2ds), (2dx), (2dy), (3g), (3h), (3n), (3p), (3q), (3r),
21 (3rm), (3rn), (3s), (3t), (3w), (5e), (5f), (5g), (5h), (5i), (5j), (5k), ~~(5n)~~, (5r), (5rm), and
22 (8r); and plus or minus, as appropriate, transitional adjustments, depreciation
23 differences, and basis differences under s. 71.05 (13), (15), (16), (17), and (19); but
24 excluding income, gain, loss, and deductions from farming. "Net business income,"
25 with respect to a natural person, estate, or trust, means profit from a trade or

BILL

1 business for federal income tax purposes and includes net income derived as an
2 employee as defined in section 3121 (d) (3) of the Internal Revenue Code.

SECTION 51. Nonstatutory provisions.

3
4 (1) Using the procedure under section 227.24 of the statutes, the technical
5 college system board shall promulgate rules required under section 38.31 (8) of the
6 statutes, as created by this act, for the period before the effective date of the
7 permanent rules promulgated under that section, but not to exceed the period
8 authorized under section 227.24 (1) (c) and (2) of the statutes. Notwithstanding
9 section 227.24 (1) (a), (2) (b), and (3) of the statutes, the technical college system
10 board is not required to provide evidence that promulgating a rule under this
11 subsection as an emergency rule is necessary for the preservation of public peace,
12 health, safety, or welfare and is not required to provide a finding of an emergency for
13 a rule promulgated under this subsection.

SECTION 52. Fiscal changes.

14
15 (1) In the schedule under section 20.005 (3) of the statutes for the appropriation
16 to the technical college system under section 20.292 (1) (d) of the statutes, as affected
17 by the acts of 2011, the dollar amount is increased by \$34,200,000 for the second fiscal
18 year of the fiscal biennium in which this subsection takes effect for the purposes for
19 which the appropriation is made.

SECTION 53. Initial applicability.

20
21 (1) The treatment of section 71.255 (2m) (d) of the statutes first applies
22 retroactively to taxable years beginning on January 1, 2009.

23 (2) The treatment of sections 71.01 (14), 71.05 (6) (b) 9m., 25., and 47. b. and
24 c., (8) (b), and (25) (b) (intro.), and 71.36 (1m) (a) of the statutes first applies to taxable
25 years beginning after December 31, 2011.

Godwin, Gigi

From: Walsh, Patrick

Sent: Monday, February 13, 2012 9:16 AM

To: LRB.Legal

Subject: Draft Review: LRB 11-3206/2 Topic: Combined reporting, earned income and homestead tax credits, domestic production activities credit, capital gains, estate tax

Please Jacket LRB 11-3206/2 for the ASSEMBLY.

Memo

To: Representative Taylor

(The Draft's Requester)

Per your request ... the attached fiscal estimate was prepared for your un-introduced 2011 session draft.

LRB Number: LRB-3206

Version: "1/2"

Fiscal Estimate Prepared By: (agency abbr.) DOR

If you have questions about the enclosed fiscal estimate, you may contact the state agency representative that prepared the fiscal estimate. If you disagree with the enclosed fiscal estimate, please contact the LRB drafter of your proposal to discuss your options under the fiscal estimate procedure.

Entered In Computer And Copy Sent To Requester Via E-Mail: 01 / 12 / 2012

* * * * *

To: LRB - Legal Section PA's

Subject: *Fiscal Estimate Received For An Un-introduced Draft*

- > **If re-drafted** ... please insert this cover sheet and attached early fiscal estimate into the drafting file "guts" ... after the draft's old version (the version that this fiscal estimate was based on), and just before re-draft of the updated version.
- > **If introduced** ... please make sure the attached fiscal estimate is for the **current version** ... write the draft's new introduction number below and give this packet to Mike (or Lori) to re-process the fiscal estimate (w/intro. number included).

THIS DRAFT WAS INTRODUCED AS: 2011 AB 637

Barman, Mike

From: LRB.Legal
Sent: Thursday, January 12, 2012 2:26 PM
To: Rep.Taylor
Cc: Walsh, Patrick
Subject: LRB-3206/2 (un-introduced) (FE by DOR - attached - for your review)

Attachments: FE-3206_DOR.PDF



FE-3206_DOR.PDF
(171 KB)

Subject: Tax

Mike Barman (Lead Program Assistant)
State of Wisconsin - Legislative Reference Bureau
Legal Section - Front Office
1 East Main Street, Suite 200, Madison, WI 53703
(608) 266-3561 / mike.barman@legis.wisconsin.gov