

2011 Jr1 DRAFTING REQUEST

Bill

Received: **12/20/2010**

Received By: **jkreye**

Wanted: **As time permits**

Companion to LRB:

For: **Administration**

By/Representing: **Quinn**

May Contact:

Drafter: **jkreye**

Subject: **Tax, Business - credits**

Addl. Drafters:

Extra Copies:

Submit via email: **YES**

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Pre Topic:

No specific pre topic given

Topic:

Small business tax credit

Instructions:

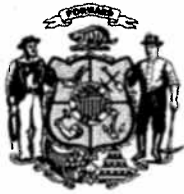
See attached

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
/1	jkreye 12/20/2010 jkreye	wjackson 12/20/2010	nmatzke 12/20/2010	_____	cduerst 12/20/2010		

FE Sent For:

<END>



State of Wisconsin
2011 - 2012 LEGISLATURE



LRB-0763/A
JK:wlj:nn

stays RMR

2

2011 BILL

in 12-23-10

Monday 12-27

Regen

1 AN ACT ~~to amend~~ 71.05 (6) (a) 15., 71.21 (4), 71.26 (2) (a) 4., 71.34 (1k) (g), 71.45
2 (2) (a) 10. and 77.92 (4); and **to create** 71.07 (5p), 71.10 (4) (dw), 71.28 (5p),
3 71.30 (3) (dw), 71.47 (5p) and 71.49 (1) (dw) of the statutes; **relating to:** an
4 income and franchise tax credit for small businesses.

Analysis by the Legislative Reference Bureau

\$500,000

This bill creates an income and franchise tax credit for small businesses. Under the bill, a business that has less than \$100,000 in gross receipts in the taxable year may claim as a credit a percentage of the taxpayer's tax liability based on the amount of the gross receipts that exceed \$50,000. If the business has no more than \$50,000 in gross receipts in the taxable year, the business may claim a credit equal to 20 percent of its tax liability. Under the bill, the taxpayer does not receive a refund, but may apply any remaining credit amounts to subsequent taxable years.

For further information see the **state** fiscal estimate, which will be printed as an appendix to this bill.

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

5 SECTION 1. 71.05 (6) (a) 15. of the statutes is amended to read:

\$250,000

\$250,000

10

BILL**SECTION 1**

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

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

8 71.07 (5p) SMALL BUSINESS CREDIT. (a) *Definitions.* In this subsection,
 9 “claimant” means a person who files a claim under this subsection.

10 (b) *Filing claims.* Subject to the limitations provided in this subsection, for
 11 taxable years beginning after December 31, 2010, a claimant may claim as a credit
 12 against the tax imposed under s. 71.02, up to the amount of the tax, the following
 13 percentage of the claimant's tax liability from doing business in this state in the
 14 taxable year for which the claimant files a claim under this subsection:

15 1. If the gross receipts from the claimant's business in the taxable year is no
 16 more than ~~\$50,000~~⁰ ~~20~~¹⁰ percent.

17 2. If the gross receipts from the claimant's business in the taxable year is
 18 greater than ~~\$50,000~~^{\$250,000} but less than ~~\$100,000~~^{\$500,000}, a percentage equal to ~~20~~⁹ minus the
 19 product of ~~0.0004~~^{0.0004} multiplied by the amount of the gross receipts for the taxable year
 20 that exceed ~~\$50,000~~^{0.0004}.

21 3. If the gross receipts from the claimant's business in the taxable year is
 22 ~~\$100,000~~^{\$500,000} or more, 0 percent.

23 (c) *Limitations.* Partnerships, limited liability companies, and tax-option
 24 corporations may not claim the credit under this subsection, but the eligibility for,
 25 and the amount of, the credit are based on their payment of amounts under par. (b).

BILL

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

6 (d) *Administration.* 1. The department shall prepare and publish a table for
7 determining the percentages and credit amounts as described under par. (b).

8 2. Section 71.28 (4) (e) to (h), as it applies to the credit under s. 71.28 (4), applies
9 to the credit under this subsection.

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

11 71.10 (4) (dw) Small business credit under s. 71.07 (5p).

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

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

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

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

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

BILL**SECTION 6**

1 71.28 (5p) SMALL BUSINESS CREDIT. (a) *Definitions.* In this subsection,
2 “claimant” means a person who files a claim under this subsection.

3 (b) *Filing claims.* Subject to the limitations provided in this subsection, for
4 taxable years beginning after December 31, 2010, a claimant may claim as a credit
5 against the tax imposed under s. 71.23, up to the amount of the tax, the following
6 percentage of the claimant’s tax liability from doing business in this state in the
7 taxable year for which the claimant files a claim under this subsection:

8 1. If the gross receipts from the claimant’s business in the taxable year is no
9 more than ~~\$50,000~~ ^{\$250,000}, ~~20~~ ¹⁰ percent.

10 2. If the gross receipts from the claimant’s business in the taxable year is
11 greater than ~~\$50,000~~ ^{\$250,000}, but less than ~~\$100,000~~ ^{\$500,000}, a percentage equal to ~~20~~ ¹⁰ minus the
12 product of ~~0.0004~~ ^{0.00004} multiplied by the amount of the gross receipts for the taxable year
13 that exceed ~~\$50,000~~ ^{\$250,000}.

14 3. If the gross receipts from the claimant’s business in the taxable year is
15 ~~\$100,000~~ ^{\$250,000} or more, 0 percent. ^{\$500,000}

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

24 (d) *Administration.* 1. The department shall prepare and publish a table for
25 determining the percentages and credit amounts as described under par. (b).

BILL

1 2. Subsection (4) (e) to (h), as it applies to the credit under sub. (4), applies to
2 the credit under this subsection.

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

4 71.30 (3) (dw) Small business credit under s. 71.28 (5p).

5 **SECTION 8.** 71.34 (1k) (g) of the statutes is amended to read:

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

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

11 71.45 (2) (a) 10. By adding to federal taxable income the amount of credit
12 computed under s. 71.47 (1dd) to (1dy), (3g), (3h), (3n), (3p), (3q), (3r), (3rm), (3rn),
13 (3w), (5e), (5f), (5g), (5h), (5i), (5j), (5k), (5p), (5r), (5rm), and (8r) and not passed
14 through by a partnership, limited liability company, or tax-option corporation that
15 has added that amount to the partnership's, limited liability company's, or
16 tax-option corporation's income under s. 71.21 (4) or 71.34 (1k) (g) and the amount
17 of credit computed under s. 71.47 (1), (3), (3t), (4), (4m), and (5).

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

19 71.47 (5p) SMALL BUSINESS CREDIT. (a) *Definitions.* In this subsection,
20 "claimant" means a person who files a claim under this subsection.

21 (b) *Filing claims.* Subject to the limitations provided in this subsection, for
22 taxable years beginning after December 31, 2010, a claimant may claim as a credit
23 against the tax imposed under s. 71.43, up to the amount of the tax, the following
24 percentage of the claimant's tax liability from doing business in this state in the
25 taxable year for which the claimant files a claim under this subsection:

BILL

\$250,000

1. If the gross receipts from the claimant's business in the taxable year is no more than \$50,000, ¹⁰ 20 percent.

2. If the gross receipts from the claimant's business in the taxable year is greater than \$50,000, but less than \$100,000, a percentage equal to 20, minus the product of 0.0004 multiplied by the amount of the gross receipts for the taxable year that exceed \$50,000.

3. If the gross receipts from the claimant's business in the taxable year is \$100,000 or more, 0 percent.

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

(d) *Administration.* 1. The department shall prepare and publish a table for determining the percentages and credit amounts as described under par. (b).

2. Section 71.28 (4) (e) to (h), as it applies to the credit under s. 71.28 (4), applies to the credit under this subsection.

SECTION 11. 71.49 (1) (dw) of the statutes is created to read:

71.49 (1) (dw) Small business credit under s. 71.47 (5p).

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

77.92 (4) "Net business income," with respect to a partnership, means taxable income as calculated under section 703 of the Internal Revenue Code; plus the items

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

15

(END)

Kreye, Joseph

From: Quinn, Brian D - DOA [Brian.Quinn@wisconsin.gov]
Sent: Thursday, December 23, 2010 4:39 PM
To: Kreye, Joseph
Subject: RE: Gross Receipts Tax Credit Rate

If it wouldn't be too much trouble, that would be great.

Thanks.

From: Kreye, Joseph [mailto:Joseph.Kreye@legis.wisconsin.gov]
Sent: Thursday, December 23, 2010 4:38 PM
To: Quinn, Brian D - DOA
Subject: RE: Gross Receipts Tax Credit Rate

It is already done and has been sent. Do you want me to redraft based on the instructions below?

Joseph Kreye
Senior Legislative Attorney
Legislative Reference Bureau
608 266-2263

From: Quinn, Brian D - DOA [mailto:Brian.Quinn@wisconsin.gov]
Sent: Thursday, December 23, 2010 4:06 PM
To: Kreye, Joseph
Subject: Gross Receipts Tax Credit Rate

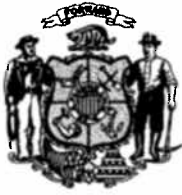
Joe,

Actually, before sending that off, can you revise that to 15% with a phase out of 0.00006% per dollar over 250,000? I think that will be a better placeholder for the time being. This will probably be revised again once we get a more precise fiscal estimate.

Sorry for the late notice.

Thanks.

Brian Quinn
Executive Policy & Budget Analyst
Department of Administration
Division of Executive Budget and Finance
(608)-266-1923
brian.quinn@wisconsin.gov



State of Wisconsin
2011 - 2012 LEGISLATURE
January 2011 Special Session



LRB-0763/E
JK:wlj:nn

3

RMR

BILL

in 12-23-10

Regen

1 AN ACT to amend 71.05 (6) (a) 15., 71.21 (4), 71.26 (2) (a) 4., 71.34 (1k) (g), 71.45
2 (2) (a) 10. and 77.92 (4); and to create 71.07 (5p), 71.10 (4) (dw), 71.28 (5p),
3 71.30 (3) (dw), 71.47 (5p) and 71.49 (1) (dw) of the statutes; relating to: an
4 income and franchise tax credit for small businesses.

Analysis by the Legislative Reference Bureau

This bill creates an income and franchise tax credit for small businesses. Under the bill, a business that has less than \$500,000 in gross receipts in the taxable year may claim as a credit a percentage of the taxpayer's tax liability based on the amount of the gross receipts that exceed \$250,000. If the business has no more than \$250,000 in gross receipts in the taxable year, the business may claim a credit equal to 10 percent of its tax liability. Under the bill, the taxpayer does not receive a refund, but may apply any remaining credit amounts to subsequent taxable years.

15

For further information see the *state* fiscal estimate, which will be printed as an appendix to this bill.

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

5 SECTION 1. 71.05 (6) (a) 15. of the statutes is amended to read:

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

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

8 71.07 (5p) SMALL BUSINESS CREDIT. (a) *Definitions.* In this subsection,
9 “claimant” means a person who files a claim under this subsection.

10 (b) *Filing claims.* Subject to the limitations provided in this subsection, for
11 taxable years beginning after December 31, 2010, a claimant may claim as a credit
12 against the tax imposed under s. 71.02, up to the amount of the tax, the following
13 percentage of the claimant's tax liability from doing business in this state in the
14 taxable year for which the claimant files a claim under this subsection:

15 1. If the gross receipts from the claimant's business in the taxable year is no
16 more than \$250,000, 10 percent. 15

17 2. If the gross receipts from the claimant's business in the taxable year is
18 greater than \$250,000, but less than \$500,000, a percentage equal to 10, minus the
19 product of 0.00004 multiplied by the amount of the gross receipts for the taxable year
20 that exceed \$250,000. 0.00006

21 3. If the gross receipts from the claimant's business in the taxable year is
22 \$500,000 or more, 0 percent.

23 (c) *Limitations.* Partnerships, limited liability companies, and tax-option
24 corporations may not claim the credit under this subsection, but the eligibility for,
25 and the amount of, the credit are based on their payment of amounts under par. (b).

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

6 (d) *Administration.* 1. The department shall prepare and publish a table for
7 determining the percentages and credit amounts as described under par. (b).

8 2. Section 71.28 (4) (e) to (h), as it applies to the credit under s. 71.28 (4), applies
9 to the credit under this subsection.

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

11 71.10 (4) (dw) Small business credit under s. 71.07 (5p).

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

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

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

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

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

1 71.28 (5p) SMALL BUSINESS CREDIT. (a) *Definitions.* In this subsection,
2 “claimant” means a person who files a claim under this subsection.

3 (b) *Filing claims.* Subject to the limitations provided in this subsection, for
4 taxable years beginning after December 31, 2010, a claimant may claim as a credit
5 against the tax imposed under s. 71.23, up to the amount of the tax, the following
6 percentage of the claimant’s tax liability from doing business in this state in the
7 taxable year for which the claimant files a claim under this subsection:

8 1. If the gross receipts from the claimant’s business in the taxable year is no
9 more than \$250,000, ~~10~~ percent. 15

10 2. If the gross receipts from the claimant’s business in the taxable year is
11 greater than \$250,000, but less than \$500,000, a percentage equal to ~~10~~ 15
12 product of ~~0.00004~~ multiplied by the amount of the gross receipts for the taxable year
13 that exceed \$250,000. 0.00006

14 3. If the gross receipts from the claimant’s business in the taxable year is
15 \$500,000 or more, 0 percent.

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

24 (d) *Administration.* 1. The department shall prepare and publish a table for
25 determining the percentages and credit amounts as described under par. (b).

1 2. Subsection (4) (e) to (h), as it applies to the credit under sub. (4), applies to
2 the credit under this subsection.

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

4 71.30 (3) (dw) Small business credit under s. 71.28 (5p).

5 **SECTION 8.** 71.34 (1k) (g) of the statutes is amended to read:

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

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

11 71.45 (2) (a) 10. By adding to federal taxable income the amount of credit
12 computed under s. 71.47 (1dd) to (1dy), (3g), (3h), (3n), (3p), (3q), (3r), (3rm), (3rn),
13 (3w), (5e), (5f), (5g), (5h), (5i), (5j), (5k), (5p), (5r), (5rm), and (8r) and not passed
14 through by a partnership, limited liability company, or tax-option corporation that
15 has added that amount to the partnership's, limited liability company's, or
16 tax-option corporation's income under s. 71.21 (4) or 71.34 (1k) (g) and the amount
17 of credit computed under s. 71.47 (1), (3), (3t), (4), (4m), and (5).

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

19 71.47 (5p) SMALL BUSINESS CREDIT. (a) *Definitions.* In this subsection,
20 "claimant" means a person who files a claim under this subsection.

21 (b) *Filing claims.* Subject to the limitations provided in this subsection, for
22 taxable years beginning after December 31, 2010, a claimant may claim as a credit
23 against the tax imposed under s. 71.43, up to the amount of the tax, the following
24 percentage of the claimant's tax liability from doing business in this state in the
25 taxable year for which the claimant files a claim under this subsection:

1 1. If the gross receipts from the claimant's business in the taxable year is no
2 more than \$250,000, ¹⁰ percent. ¹⁵

3 2. If the gross receipts from the claimant's business in the taxable year is
4 greater than \$250,000, but less than \$500,000, a percentage equal to ¹⁵ ~~10~~, minus the
5 product of ~~0.00004~~ multiplied by the amount of the gross receipts for the taxable year
6 that exceed \$250,000. ^{0.00006}

7 3. If the gross receipts from the claimant's business in the taxable year is
8 \$500,000 or more, 0 percent.

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

17 (d) *Administration.* 1. The department shall prepare and publish a table for
18 determining the percentages and credit amounts as described under par. (b).

19 2. Section 71.28 (4) (e) to (h), as it applies to the credit under s. 71.28 (4), applies
20 to the credit under this subsection.

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

22 71.49 (1) (dw) Small business credit under s. 71.47 (5p).

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

24 77.92 (4) "Net business income," with respect to a partnership, means taxable
25 income as calculated under section 703 of the Internal Revenue Code; plus the items

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

15

(END)



State of Wisconsin
 2011 - 2012 LEGISLATURE
 January 2011 Special Session



LRB-0763/3
 JK:wlj:nn

stays
 ↑
 RMR

BILL

in filed 12-29

Today

Regen

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

Analysis by the Legislative Reference Bureau

This bill creates an income and franchise tax credit for small businesses. Under the bill, a business that has less than \$500,000 in gross receipts in the taxable year may claim as a credit a percentage of the taxpayer's tax liability based on the amount of the gross receipts that exceed ~~\$250,000~~. If the business has no more than ~~\$250,000~~ in gross receipts in the taxable year, the business may claim a credit equal to 15 percent of its tax liability. Under the bill, the taxpayer does not receive a refund, but may apply any remaining credit amounts to subsequent taxable years.

For further information see the **state** fiscal estimate, which will be printed as an appendix to this bill.

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

5 SECTION 1. 71.05 (6) (a) 15. of the statutes is amended to read:

\$200,000

\$200,000

20

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

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

8 71.07 (5p) **SMALL BUSINESS CREDIT.** (a) *Definitions.* In this subsection,
9 "claimant" means a person who files a claim under this subsection.

10 (b) *Filing claims.* Subject to the limitations provided in this subsection, for
11 taxable years beginning after December 31, 2010, a claimant may claim as a credit
12 against the tax imposed under s. 71.02, up to the amount of the tax, the following
13 percentage of the claimant's tax liability from doing business in this state in the
14 taxable year for which the claimant files a claim under this subsection:

15 1. If the gross receipts from the claimant's business in the taxable year is no
16 more than \$200,000 ~~\$250,000~~, 15 percent. (20)

17 2. If the gross receipts from the claimant's business in the taxable year is
18 greater than \$250,000, but less than \$500,000, a percentage equal to 15 minus the
19 product of 0.00006 multiplied by the amount of the gross receipts for the taxable year
20 that exceed \$250,000. (20) 0.0000666

21 3. If the gross receipts from the claimant's business in the taxable year is
22 \$500,000 or more, 0 percent.

23 (c) *Limitations.* Partnerships, limited liability companies, and tax-option
24 corporations may not claim the credit under this subsection, but the eligibility for,
25 and the amount of, the credit are based on their payment of amounts under par. (b).

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

6 (d) *Administration.* 1. The department shall prepare and publish a table for
7 determining the percentages and credit amounts as described under par. (b).

8 2. Section 71.28 (4) (e) to (h), as it applies to the credit under s. 71.28 (4), applies
9 to the credit under this subsection.

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

11 71.10 (4) (dw) Small business credit under s. 71.07 (5p).

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

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

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

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

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

1 71.28 (5p) SMALL BUSINESS CREDIT. (a) *Definitions.* In this subsection,
2 “claimant” means a person who files a claim under this subsection.

3 (b) *Filing claims.* Subject to the limitations provided in this subsection, for
4 taxable years beginning after December 31, 2010, a claimant may claim as a credit
5 against the tax imposed under s. 71.23, up to the amount of the tax, the following
6 percentage of the claimant’s tax liability from doing business in this state in the
7 taxable year for which the claimant files a claim under this subsection:

8 1. If the gross receipts from the claimant’s business in the taxable year is no
9 more than ~~\$250,000~~² ~~15~~²⁰ percent. ~~15~~²⁰

10 ~~\$200,000~~ 2. If the gross receipts from the claimant’s business in the taxable year is
11 greater than ~~\$250,000~~² but less than \$500,000, a percentage equal to ~~15~~²⁰ minus the
12 product of ~~0.00006~~² multiplied by the amount of the gross receipts for the taxable year
13 that exceed ~~\$250,000~~² ~~0.00006~~^{0.0000666}

14 3. If the gross receipts from the claimant’s business in the taxable year is
15 \$500,000 or more, 0 percent.

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

24 (d) *Administration.* 1. The department shall prepare and publish a table for
25 determining the percentages and credit amounts as described under par. (b).

1 2. Subsection (4) (e) to (h), as it applies to the credit under sub. (4), applies to
2 the credit under this subsection.

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

4 71.30 (3) (dw) Small business credit under s. 71.28 (5p).

5 **SECTION 8.** 71.34 (1k) (g) of the statutes is amended to read:

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

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

11 71.45 (2) (a) 10. By adding to federal taxable income the amount of credit
12 computed under s. 71.47 (1dd) to (1dy), (3g), (3h), (3n), (3p), (3q), (3r), (3rm), (3rn),
13 (3w), (5e), (5f), (5g), (5h), (5i), (5j), (5k), (5p), (5r), (5rm), and (8r) and not passed
14 through by a partnership, limited liability company, or tax-option corporation that
15 has added that amount to the partnership's, limited liability company's, or
16 tax-option corporation's income under s. 71.21 (4) or 71.34 (1k) (g) and the amount
17 of credit computed under s. 71.47 (1), (3), (3t), (4), (4m), and (5).

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

19 71.47 (5p) SMALL BUSINESS CREDIT. (a) *Definitions.* In this subsection,
20 "claimant" means a person who files a claim under this subsection.

21 (b) *Filing claims.* Subject to the limitations provided in this subsection, for
22 taxable years beginning after December 31, 2010, a claimant may claim as a credit
23 against the tax imposed under s. 71.43, up to the amount of the tax, the following
24 percentage of the claimant's tax liability from doing business in this state in the
25 taxable year for which the claimant files a claim under this subsection:

BILL

\$200,000

1 1. If the gross receipts from the claimant's business in the taxable year is no
2 more than \$250,000, 15 percent. 20

3 2. If the gross receipts from the claimant's business in the taxable year is
4 greater than \$250,000, but less than \$500,000, a percentage equal to 15, minus the
5 product of 0.00006 multiplied by the amount of the gross receipts for the taxable year
6 that exceed \$250,000. 0.0000666 20

7 3. If the gross receipts from the claimant's business in the taxable year is
8 \$500,000 or more, 0 percent.

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

17 (d) *Administration.* 1. The department shall prepare and publish a table for
18 determining the percentages and credit amounts as described under par. (b).

19 2. Section 71.28 (4) (e) to (h), as it applies to the credit under s. 71.28 (4), applies
20 to the credit under this subsection.

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

22 71.49 (1) (dw) Small business credit under s. 71.47 (5p).

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

24 77.92 (4) "Net business income," with respect to a partnership, means taxable
25 income as calculated under section 703 of the Internal Revenue Code; plus the items

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

15

(END)

Kreye, Joseph

From: Quinn, Brian D - DOA [Brian.Quinn@wisconsin.gov]
Sent: Tuesday, December 28, 2010 5:05 PM
To: Kreye, Joseph
Subject: Small Business Tax Credit Revision

Joe,

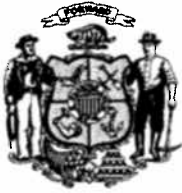
Just one more run of this as a contingency where the credit would be 20% of income and franchise tax liability, the phase-out would start at \$200,000 in gross receipts and stop at \$500,000 and would phase-out at 0.0000666% (it's many sixes repeating) per dollar over \$200,000 in gross receipts.

The draft number is 0763.

Thanks.

Brian Quinn
Executive Policy & Budget Analyst
Department of Administration
Division of Executive Budget and Finance
(608)-266-1923
brian.quinn@wisconsin.gov

12/29/2010



State of Wisconsin
2011 - 2012 LEGISLATURE
January 2011 Special Session



LRB-0763/4
JK:wlj:md

5

stays

RMR

BILL

m 1-3-11

today

Regen

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

Analysis by the Legislative Reference Bureau

This bill creates an income and franchise tax credit for small businesses. Under the bill, a business that has less than \$500,000 in gross receipts in the taxable year may claim as a credit a percentage of the taxpayer's tax liability based on the amount of the gross receipts that exceed \$200,000. If the business has no more than \$200,000 in gross receipts in the taxable year, the business may claim a credit equal to 20 percent of its tax liability. Under the bill, the taxpayer does not receive a refund, but may apply any remaining credit amounts to subsequent taxable years.

For further information see the *state* fiscal estimate, which will be printed as an appendix to this bill.

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

5 **SECTION 1.** 71.05 (6) (a) 15. of the statutes is amended to read:

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

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

8 71.07 (5p) SMALL BUSINESS CREDIT. (a) *Definitions.* In this subsection,
9 “claimant” means a person who files a claim under this subsection.

10 (b) *Filing claims.* Subject to the limitations provided in this subsection, for
11 taxable years beginning after December 31, 2010, a claimant may claim as a credit
12 against the tax imposed under s. 71.02, up to the amount of the tax, the following
13 percentage of the claimant's tax liability from doing business in this state in the
14 taxable year for which the claimant files a claim under this subsection:

15 1. If the gross receipts from the claimant's business in the taxable year is no
16 more than \$200,000, 20 percent.

17 2. If the gross receipts from the claimant's business in the taxable year is
18 greater than \$200,000, but less than \$500,000, a percentage equal to 20, minus the
19 product of 0.0000666 multiplied by the amount of the gross receipts for the taxable
20 year that exceed \$200,000.

21 3. If the gross receipts from the claimant's business in the taxable year is
22 \$500,000 or more, 0 percent.

23 (c) *Limitations.* Partnerships, limited liability companies, and tax-option
24 corporations may not claim the credit under this subsection, but the eligibility for,
25 and the amount of, the credit are based on their payment of amounts under par. (b).

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

6 (d) *Administration.* 1. The department shall prepare and publish a table for
7 determining the percentages and credit amounts as described under par. (b).

8 2. Section 71.28 (4) (e) to (h), as it applies to the credit under s. 71.28 (4), applies
9 to the credit under this subsection.

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

11 71.10 (4) (dw) Small business credit under s. 71.07 (5p).

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

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

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

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

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

1 71.28 (5p) SMALL BUSINESS CREDIT. (a) *Definitions.* In this subsection,
2 “claimant” means a person who files a claim under this subsection.

3 (b) *Filing claims.* Subject to the limitations provided in this subsection, for
4 taxable years beginning after December 31, 2010, a claimant may claim as a credit
5 against the tax imposed under s. 71.23, up to the amount of the tax, the following
6 percentage of the claimant’s tax liability from doing business in this state in the
7 taxable year for which the claimant files a claim under this subsection:

8 1. If the gross receipts from the claimant’s business in the taxable year is no
9 more than \$200,000, 20 percent.

10 2. If the gross receipts from the claimant’s business in the taxable year is
11 greater than \$200,000, but less than \$500,000, a percentage equal to 20, minus the
12 product of 0.0000666 multiplied by the amount of the gross receipts for the taxable
13 year that exceed \$200,000.

14 3. If the gross receipts from the claimant’s business in the taxable year is
15 \$500,000 or more, 0 percent.

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

24 (d) *Administration.* 1. The department shall prepare and publish a table for
25 determining the percentages and credit amounts as described under par. (b).

1 2. Subsection (4) (e) to (h), as it applies to the credit under sub. (4), applies to
2 the credit under this subsection.

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

4 71.30 (3) (dw) Small business credit under s. 71.28 (5p).

5 **SECTION 8.** 71.34 (1k) (g) of the statutes is amended to read:

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

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

11 71.45 (2) (a) 10. By adding to federal taxable income the amount of credit
12 computed under s. 71.47 (1dd) to (1dy), (3g), (3h), (3n), (3p), (3q), (3r), (3rm), (3rn),
13 (3w), (5e), (5f), (5g), (5h), (5i), (5j), (5k), (5p), (5r), (5rm), and (8r) and not passed
14 through by a partnership, limited liability company, or tax-option corporation that
15 has added that amount to the partnership's, limited liability company's, or
16 tax-option corporation's income under s. 71.21 (4) or 71.34 (1k) (g) and the amount
17 of credit computed under s. 71.47 (1), (3), (3t), (4), (4m), and (5).

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

19 71.47 (5p) SMALL BUSINESS CREDIT. (a) *Definitions.* In this subsection,
20 "claimant" means a person who files a claim under this subsection.

21 (b) *Filing claims.* Subject to the limitations provided in this subsection, for
22 taxable years beginning after December 31, 2010, a claimant may claim as a credit
23 against the tax imposed under s. 71.43, up to the amount of the tax, the following
24 percentage of the claimant's tax liability from doing business in this state in the
25 taxable year for which the claimant files a claim under this subsection:

1 1. If the gross receipts from the claimant's business in the taxable year is no
2 more than \$200,000, 20 percent.

3 2. If the gross receipts from the claimant's business in the taxable year is
4 greater than \$200,000, but less than \$500,000, a percentage equal to 20, minus the
5 product of 0.0000666 multiplied by the amount of the gross receipts for the taxable
6 year that exceed \$200,000.

7 3. If the gross receipts from the claimant's business in the taxable year is
8 \$500,000 or more, 0 percent.

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

17 (d) *Administration.* 1. The department shall prepare and publish a table for
18 determining the percentages and credit amounts as described under par. (b).

19 2. Section 71.28 (4) (e) to (h), as it applies to the credit under s. 71.28 (4), applies
20 to the credit under this subsection.

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

22 71.49 (1) (dw) Small business credit under s. 71.47 (5p).

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

24 77.92 (4) "Net business income," with respect to a partnership, means taxable
25 income as calculated under section 703 of the Internal Revenue Code; plus the items

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

15

(END)

Sec. Const

*(1) REQUIRED GENERAL FUND BALANCE ⁽⁵⁾ Section 20.003(4) of the
statute does not apply to the action of the legislature in
enacting this act*

Kreye, Joseph

From: Quinn, Brian D - DOA [Brian.Quinn@wisconsin.gov]
Sent: Monday, January 03, 2011 2:58 PM
To: Kreye, Joseph
Cc: Shovers, Marc
Subject: 15% Credit

Joe,

We are going to be going back to the 15% credit with the \$250,000 - \$500,000 phase-out. This was already drafted as 0763/3. It just needs the non-statutory provision that was added to the others.

Let me know if you have any questions.

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