

State of Wisconsin
2011 - 2012 LEGISLATURE

January 2011 Special Session



LRB-0763/5

JK:wlj:ph

RMR KJF

BILL

in 1-3-11

NOW

Re Gen

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~~ ^{\$250,000} ~~20~~ ¹⁵ percent.

17 2. If the gross receipts from the claimant's business in the taxable year is
18 ^{\$250,000} greater than ~~\$200,000~~ but less than \$500,000, a percentage equal to ~~20~~ ¹⁵ minus the
19 product of ~~0.0000666~~ multiplied by the amount of the gross receipts for the taxable
20 year that exceed ~~\$200,000~~ ^{\$250,000} ~~0.0000666~~ ^{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 ^{use 3 times} 1. If the gross receipts from the claimant's business in the taxable year is no
9 ~~\$250,000~~ more than ~~\$200,000~~, ~~20~~ percent. (15)

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~~. (0.00006) (15)

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

\$250,000 ^{use 2 times}

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

2. If the gross receipts from the claimant's business in the taxable year is greater than \$200,000 but less than \$500,000, a percentage equal to 20 minus the product of 0.0000666 multiplied by the amount of the gross receipts for the taxable year that exceed \$200,000. (15) 0.00006 \$250,000

3. If the gross receipts from the claimant's business in the taxable year is \$500,000 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

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 **SECTION 13. Nonstatutory provisions.**

16 (1) REQUIRED GENERAL FUND BALANCE. Section 20.003 (4) of the statutes does not
17 apply to the action of the legislature in enacting this act.

18 (END)

Kreye, Joseph

From: Grinde, Kirsten - DOA [kirsten.grinde@wisconsin.gov]
Sent: Wednesday, January 05, 2011 12:12 PM
To: Kreye, Joseph
Cc: Quinn, Brian D - DOA; Koskinen, John B - DOR
Subject: Changes to LRB 0763/6
Attachments: LRB-0763-6 Small Business Credit (2).doc

Joe,

DOR has sent through some technical changes on LRB 0763/6, the small business gross receipts tax credit. Please make the changes indicated below and in the attached:

- Make the credit equal to a percentage of the claimant's **gross** tax. To accomplish this, insert the word "gross" before the phrase "tax liability" at the following places in the draft:
 - Page 2, Line 13
 - Page 4, Line 6
 - Page 5, Line 24.
- The attached write-up requests a definition of "gross receipts" be included as well as making some additional wording changes on Page 2, lines 13 and 14. Also it requests a change as to the administrative approach to filing the claim.

If you need technical assistance from DOR to draft these changes, please contact John Koskinen for clarification. Also, please feel free to contact Brian Quinn or me with questions.

Thanks,

Kirsten

DIVISION ANALYSIS OF LEGISLATION (Form 1)

Fiscal Note Analysis? Yes
 No

email completed copies to:
 Sherrie Gates-Hendrix (Sec Office)
 Rpfnsn@dor.state.wi.us

Division: IS&E

For Division Use:

Assigned to: Jeff Hanson/Craig Kvammen	Date: 01/05/11	Due Date: 01/05/11
Prepared by: Lili Crane	Date: 01/05/11	<i>(analysis should generally be prepared within 1 week of assignment)</i>
Reviewed by: Lili Crane	Date: 01/05/11	

1. **Bill and/or LRB Number:** LRB – 0763/6
2. **Type of Taxes Affected:** (please list all that apply)

Income/Franchise

3. **Description of the Bill:** (briefly describe the subject matter of the bill and the change/s)

Small Business Tax Credit. Creates an income and franchise tax credit for small businesses. 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. The business may claim a credit equal to 15% if it has no more than \$250,000 in gross receipts in the taxable year. For gross receipts between \$250,000 and \$500,000 the taxpayer will receive a credit in the amount of 0.006%

4. **Statutory language problems, if any:** X Yes No
 (If yes, describe problems and indicate suggested corrective language. Example of problem: The bill language is unclear, does not fully accomplish the desired result, or has undesirable side effects.)

Page 1, Line 5. Need to provide a definition of "gross receipts". Definition of gross receipts depends on if the intent is to limit credit to business conducted in Wisconsin or provide credit for all activity of the business.

Page 2, lines 13 and 14. Recommend the following changes for clarity:
 Percentage of the claimant's tax liability ~~from doing business in this state~~ in the taxable year for which the claimant ~~relates files a claim under this subsection.~~

Page 3, line 6, 7: Omit (d) Administration. It will not be necessary for the department to prepare a table. The department will use a separate schedule for computing the credit.
 Add instead: A claimant shall claim the credit under this section on a form prepared by the department and shall submit any documentation required by the department.

Same for Page 4, lines 24, 25 Omit (d) Administration. Add instead: A claimant shall claim the credit under this section on a form prepared by the department and shall submit any documentation required by the department.

5. **Effective date problems, if any, including transitional problems:** Yes X No
 (If yes, describe problem and suggested effective date or transitional language needed.)

Kreye, Joseph

From: Koskinen, John B - DOR [John.Koskinen@revenue.wi.gov]
Sent: Thursday, January 06, 2011 9:21 AM
To: Kreye, Joseph
Cc: Grinde, Kirsten - DOA
Subject: FW: Changes to LRB 0763/6

We agree with your proposed change for pass-through entities with two minor modifications. They are given in Brad's exchange with our technical staff.

From: Caruth, Bradley R - DOR
Sent: Thursday, January 06, 2011 9:00 AM
To: Koskinen, John B - DOR
Subject: FW: Changes to LRB 0763/6

Everyone was okay with Joe's change. I sent the email below to see if IS&E agreed with two other changes to the paragraph Joe mentioned. I'll let you know as soon as I hear from someone in IS&E.

-Brad
(608) 261-8984

From: Caruth, Bradley R - DOR
Sent: Wednesday, January 05, 2011 3:09 PM
To: Crane, Lili B - DOR; Kvammen, Craig J - DOR; Hanson, Jeffrey W - DOR
Cc: Oakleaf, Michael P - DOR
Subject: RE: Changes to LRB 0763/6

While we're looking at that paragraph, would you agree that the rest of it should be changed as well? In particular, the entity can compute the credit rate, but the credit amount will depend on the individual's gross income tax.

"A partnership, limited liability company, or tax-option corporation shall compute the ~~amount~~ rate 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."~~

-Brad
(608) 261-8984

From: Oakleaf, Michael P - DOR
Sent: Wednesday, January 05, 2011 2:51 PM
To: Caruth, Bradley R - DOR
Subject: FW: Changes to LRB 0763/6

From: Crane, Lili B - DOR
Sent: Wednesday, January 05, 2011 2:49 PM
To: Oakleaf, Michael P - DOR; Kvammen, Craig J - DOR; Hanson, Jeffrey W - DOR
Subject: RE: Changes to LRB 0763/6

I'm ok with this

From: Oakleaf, Michael P - DOR
Sent: Wednesday, January 05, 2011 2:44 PM
To: Crane, Lili B - DOR; Kvammen, Craig J - DOR; Hanson, Jeffrey W - DOR
Subject: FW: Changes to LRB 0763/6

Comments?

From: Koskinen, John B - DOR
Sent: Wednesday, January 05, 2011 2:42 PM
To: Caruth, Bradley R - DOR; Oakleaf, Michael P - DOR
Subject: FW: Changes to LRB 0763/6

your take?

From: Kreye, Joseph [mailto:Joseph.Kreye@legis.wisconsin.gov]
Sent: Wednesday, January 05, 2011 2:41 PM
To: Koskinen, John B - DOR
Cc: Quinn, Brian D - DOA; Grinde, Kirsten - DOA
Subject: RE: Changes to LRB 0763/6

I have what I think is a minor technical concern with the current draft. It has to do with the "boilerplate" language under "Limitations". For example, on page 2, lines 23 to 24, the draft indicates that partnerships, LLCs, and tax-option corporations may not claim the credit, but the eligibility for the credit is based on payments of amounts under par. (b). However, unlike most credits, those entities are not incurring any costs that form the basis of the credit. I'm wondering if I should simply delete the end of the sentence so that it reads "Partnerships, limited liability companies, and tax-option corporations may not claim the credit under this subsection." The rest of the subdivision paragraph that elaborates on how the individual partners, members, and shareholders claim the credit would remain. Is that okay with everyone?

Joe

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

From: Koskinen, John B - DOR [mailto:John.Koskinen@revenue.wi.gov]
Sent: Wednesday, January 05, 2011 1:32 PM
To: Kreye, Joseph
Subject: RE: Changes to LRB 0763/6

1/6/2011

Let me get you a definition.

No, gross receipts are not to be limited to revenue earned in this state. Think of a janitorial service company in LaCrosse that serves customers in LaCrescent MN.

From: Kreye, Joseph [mailto:Joseph.Kreye@legis.wisconsin.gov]
Sent: Wednesday, January 05, 2011 12:34 PM
To: Grinde, Kirsten - DOA
Cc: Quinn, Brian D - DOA; Koskinen, John B - DOR
Subject: RE: Changes to LRB 0763/6

Kirsten and Brian,

I will need a definition for "gross receipts" which, I assume, DOR can provide. It's my understanding that, for this purpose, the taxpayer's gross receipts should be limited to revenue earned in this state, correct?

Joe

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

From: Grinde, Kirsten - DOA [mailto:kirsten.grinde@wisconsin.gov]
Sent: Wednesday, January 05, 2011 12:12 PM
To: Kreye, Joseph
Cc: Quinn, Brian D - DOA; Koskinen, John B - DOR
Subject: Changes to LRB 0763/6

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Page 5, Line 24.

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If you need technical assistance from DOR to draft these changes, please contact John Koskinen for clarification. Also, please feel free to contact Brian Quinn or me with questions.

Thanks,

Kirsten

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State of Wisconsin
2011 - 2012 LEGISLATURE
January 2011 Special Session



LRB-0763/6
JK:wlj&kjf:re

RMR stays

BILL

in 1-6-11

NOW

Legen

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:

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 1. "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 ^{gross} tax liability from doing business in this state in the
25 taxable year for which the claimant files a claim under this subsection.

INSERT
5-20

!

24

relates

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 1. "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 ^{gross} tax liability from doing business in this state in the
14 taxable year for which the claimant files a claim under this subsection. ^{relates}

15 1. If the gross receipts from the claimant's business in the taxable year is no
16 more than \$250,000, 15 percent. ^{all activities of use twice}

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. ^{all activities of}

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).

INJECT
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relates

all activities of use twice

all activities of

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 ^{rate} 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:

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71.28 (5p) SMALL BUSINESS CREDIT. (a) *Definitions.* In this subsection

1, "claimant" means a person who files a claim under this subsection.

(b) *Filing claims.* Subject to the limitations provided in this subsection, for taxable years beginning after December 31, 2010, a claimant may claim as a credit against the tax imposed under s. 71.23, up to the amount of the tax, the following percentage of the claimant's ^{gross} tax liability from doing business in this state in the taxable year for which the claimant files a claim under this subsection. ^{relates}

1. If the gross receipts from the claimant's business in the taxable year is no more than \$250,000, 15 percent. ^{all activities of use twice}

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

3. If the gross receipts from the claimant's business in the taxable year is \$500,000 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 ^{rate} 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).

INSERT
4-24

1. If the gross receipts from the claimant's business in the taxable year is no more than \$250,000, 15 percent. *all activities of use twice*

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

3. If the gross receipts from the claimant's business in the taxable year is \$500,000 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 ^{rate} 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.

INSERT 6-17 (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

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 **SECTION 13. Nonstatutory provisions.**

16 (1) REQUIRED GENERAL FUND BALANCE. Section 20.003 (4) of the statutes does not
17 apply to the action of the legislature in enacting this act.

18 (END)

Insert 2 - 9

1 2. "Gross receipts from all activities" means gross receipts, gross sales, gross
2 dividends, gross interest income, gross rents, gross royalties, the gross sales price
3 from the disposition of capital assets and business assets, gross receipts passed
4 through from other entities, and all other receipts that are included in gross income
5 before apportionment for Wisconsin franchise or income tax purposes.

Insert 3 - 6

6 ~~no #~~ 1. A claimant shall claim the credit under this subsection on a form prepared
7 by the department and shall submit to the department any documentation required
8 by the department to administer the credit under this subsection.

Insert 4 - 2

9 2. "Gross receipts from all activities" means gross receipts, gross sales, gross
10 dividends, gross interest income, gross rents, gross royalties, the gross sales price
11 from the disposition of capital assets and business assets, gross receipts passed
12 through from other entities, and all other receipts that are included in gross income
13 before apportionment for Wisconsin franchise or income tax purposes.

Insert 4 - 24

14 ~~no #~~ 1. A claimant shall claim the credit under this subsection on a form prepared
15 by the department and shall submit to the department any documentation required
16 by the department to administer the credit under this subsection.

Insert 5 - 20

17 X 2. "Gross receipts" from all activities" means gross receipts, gross sales, gross
18 dividends, gross interest income, gross rents, gross royalties, the gross sales price

1 from the disposition of capital assets and business assets, gross receipts passed
2 through from other entities, and all other receipts that are included in gross income
3 before apportionment for Wisconsin franchise or income tax purposes.

Insert 6 - 17

4 ~~no~~ 1. A claimant shall claim the credit under this subsection on a form prepared ✓
5 by the department and shall submit to the department any documentation required
6 by the department to administer the credit under this subsection.

Barman, Mike

From: Hanaman, Cathlene
Sent: Friday, January 07, 2011 8:57 AM
To: Barman, Mike
Subject: RE: Jacketing Requests

I'll ask.

Nope.

From: Barman, Mike
Sent: Friday, January 07, 2011 8:54 AM
To: Hanaman, Cathlene
Subject: RE: Jacketing Requests

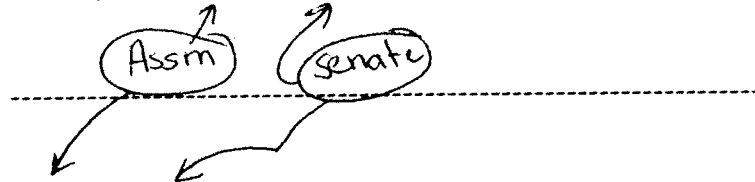
DOA picked them up last time ... are they going to again or is there a specific Rep/Sen you want them sent to?

Does it matter which # is for which house?

Mike

From: Hanaman, Cathlene
Sent: Friday, January 07, 2011 8:45 AM
To: Christina Duerst; Lori Northrop; Mike Barman; Sarah Basford
Subject:

Please jacket -0624 and -0928 (in editing) the same way.



-0763 and -0926 (in editing) should be jacketed and sent to the leaders like last week's companions.

I will have two more in a minute.