

2013 Jr4 DRAFTING REQUEST

Bill

Received: 2/12/2014 Received By: chanaman
Wanted: As time permits Same as LRB:
For: Senate Chief Clerk By/Representing: Erin
May Contact: Drafter: chanaman
Subject: State Govt - miscellaneous Addl. Drafters:
Extra Copies:

Submit via email: YES
Requester's email: jeff.renk@legis.wisconsin.gov
Carbon copy (CC) to: erin.gillitzer@legis.wisconsin.gov

Pre Topic:

No specific pre topic given

Topic:

Engrossed January 2014 Special Session Assembly Bill 1

Instructions:

No specific instructions given

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>
/?	chanaman 2/12/2014	kfollett 2/12/2014		_____			
/P1	jkreye 2/13/2014	kfollett 2/13/2014		_____			State S&L
/1				_____	mbarman 2/13/2014	mbarman 2/13/2014	

FE Sent For:

<END>

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/?	chanaman	1/15f 2/12	1/15f 2/12	gff/Jd			
FE Sent For:		1/15f 2/13	1/15f 2/13 <END>				

Hanaman, Cathlene

From: Renk, Jeff
Sent: Wednesday, February 12, 2014 1:24 PM
To: Hanaman, Cathlene
Cc: Gillitzer, Erin
Subject: RE: The usual printed engrossed question

Hi Cathlene,

Sure, I can do that. Please send it to Erin when completed and she'll make the proper entry and get the engrossed copy into the jacket.

Thanks.

Jeff

From: Hanaman, Cathlene
Sent: Wednesday, February 12, 2014 1:21 PM
To: Renk, Jeff
Subject: The usual printed engrossed question

Do you have any objection to ordering SS AB1 printed engrossed?



State of Wisconsin
2013 - 2014 LEGISLATURE
January 2014 Special Session



4262/81

LRB-4039/1
PG/MES/JK:all:jm

ASSEMBLY BILL 1

February 4, 2014 - Introduced by COMMITTEE ON ASSEMBLY ORGANIZATION, by request of Governor Scott Walker. Referred to Committee on Jobs, Economy and Mining.

1 **AN ACT** *to repeal* 38.16 (3) (b); *to renumber* 71.05 (8) (b), 71.10 (4) (cr), 71.10
2 (4) (dr) and 71.10 (4) (er); *to amend* 38.16 (title), 38.16 (3) (a) 2., 38.16 (3) (be),
3 38.16 (3) (bg) 2., 38.16 (3) (br) 1., 38.16 (3) (br) 2., 38.16 (3) (c) (intro.), 38.16 (3)
4 (c) 1., 38.16 (3) (c) 3., 38.16 (3) (c) 4., 38.16 (3) (d), 71.05 (6) (b) 47. am., 71.05 (6)
5 (b) 47. b., 71.05 (6) (b) 47. c., 71.06 (1q) (a), 71.06 (2) (i) 1., 71.06 (2) (j) 1., 71.07
6 (4k) (b) 1., 71.07 (5m) (a) 4., 71.07 (5n) (b) (intro.), 71.07 (9r) (a), 71.08 (1) (intro.),
7 71.08 (1) (intro.), 71.28 (9s) (d) 3., 71.47 (9s) (d) 3., 71.52 (6), 77.54 (61) (intro.),
8 (a) and (b) and 238.16 (3) (intro.); and *to create* 20.292 (1) (dp), 38.16 (3) (a) 1m.,
9 38.16 (3) (a) 2w., 38.16 (4), 71.05 (6) (b) 47. dm., 71.05 (8) (b) 2., 71.05 (8) (c),
10 71.07 (5i) (c) 3., 71.28 (5i) (c) 3., 71.47 (5i) (c) 3. and 77.54 (61) (c) of the statutes;
11 **relating to:** reducing the lowest individual income tax rate; providing
12 technical college property tax relief aid; establishing a technical college district
13 revenue limit; the carry-back of net operating losses; the sales and use tax
14 exemption for commercial printing; the jobs tax credit; the electronic medical

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- 1 records credit; the manufacturing and agriculture credit; the research credit;
- 2 the state historic rehabilitation credit; the relocated business credit; and
- 3 making an appropriation.

Analysis by the Legislative Reference Bureau

INDIVIDUAL INCOME TAX RATES

Under current law, there are four 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 4.40 percent of taxable income; the rate for the second bracket is 5.84 percent; the rate for the third bracket is 6.27 percent; and the rate for the highest bracket is 7.65 percent. Before applying bracket indexing, the four brackets for individuals, certain fiduciaries, and heads of households, to which the above rates apply, are as follows: taxable income from \$0 to \$7,500; taxable income exceeding \$7,500 but not exceeding \$15,000; taxable income exceeding \$15,000 but not exceeding \$225,000; and taxable income exceeding \$225,000.

This rate and bracket structure first applies to taxable year 2013, and was enacted in 2013 Wisconsin Act 20, the state budget bill.

For taxable years beginning after December 31, 2013, this bill lowers the rate of taxation for the lowest tax bracket. Under the bill, the rate of taxation for the lowest bracket for single individuals, certain fiduciaries, heads of households, and married persons is 4.0 percent of taxable income.

TECHNICAL COLLEGE SYSTEM

This bill provides property tax relief aid to technical college districts, distributed annually to each district on the basis of its equalized value as compared to the equalized value of all technical college districts as of January 2014. The first distribution is in February 2015.

The bill eliminates the current limit on a technical college district's tax levy and imposes, instead, a revenue limit. Under the bill, with certain exceptions, a district board's revenue (defined as the sum of its tax levy for operations and the amount of property tax relief aid it receives) in the 2014-15 school year or any school year thereafter may not exceed its revenue in the previous school year increased by the district's valuation factor, which is the percentage change in the district's equalized value due to new construction, less improvements removed.

NET OPERATING LOSSES

Under current law, for income tax purposes, under certain circumstances, a taxpayer may claim a Wisconsin net operating loss against Wisconsin taxable income of the two years preceding the year in which the taxpayer sustained the loss. This bill clarifies that a taxpayer need not make an offset against Wisconsin modified taxable income of the two years preceding the loss, if the taxpayer chooses not to carry back the net operating loss to the two years preceding the loss.

→ Insert 3-A
Insert 3-B

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ANALYSIS

TAX CREDITS

Under current law, a person may claim the jobs tax credit if the Wisconsin Economic Development Corporation certifies the person to receive the tax credit, the person increases net employment in the person's business, and the person provides certain wages or job training to its full-time employees. This bill specifies that to be eligible for the jobs tax credit a person must increase net employment in the person's business in this state. Therefore, under the bill, a person may qualify for the jobs tax credit by relocating existing jobs to this state even if the number of individuals the person's business employs nationwide does not increase. Similarly, under the bill, a person does not qualify for the jobs tax credit by increasing the number of individuals the person's business employs nationwide if the number of individuals the person's business employs in this state does not increase.

Under current law, for income and franchise tax purposes, a taxpayer may not claim a relocated business deduction or tax credit for taxable years beginning after December 31, 2013. Under this bill, a taxpayer who is first eligible to claim a relocated business deduction or tax credit for a taxable year beginning after December 31, 2012, and before January 1, 2014, may claim the deduction or credit in the following taxable year.

The bill also provides that the manufacturing and agriculture credit, the research credit, and the state historic rehabilitation credit may be claimed against the alternative minimum tax.

Finally, the bill makes technical changes to the electronic medical records tax credit and to the sales and use tax exemption for tangible personal property used in commercial printing.

~~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:

- 1 **SECTION 1.** 20.292 (1) (dp) of the statutes is created to read:
2 20.292 (1) (dp) *Property tax relief aid.* A sum sufficient equal to the amount
3 necessary to distribute the property tax relief aid to technical college districts under
4 s. 38.16 (4).
5 **SECTION 2.** 38.16 (title) of the statutes is amended to read:
6 **38.16 (title) District tax levy; revenue limit; property tax relief aid.**
7 **SECTION 3.** 38.16 (3) (a) 1m. of the statutes is created to read:

1 38.16 (3) (a) 1m. “Equalized value” excludes the value of tax incremental
2 districts.

3 **SECTION 4.** 38.16 (3) (a) 2. of the statutes, as affected by 2013 Wisconsin Act 20,
4 is amended to read:

5 38.16 (3) (a) 2. “Excess levy revenue” means the amount by which a district
6 board’s ~~tax~~ levy revenue exceeds the limit under this subsection.

7 **SECTION 5.** 38.16 (3) (a) 2w. of the statutes is created to read:

8 38.16 (3) (a) 2w. “Revenue” means the sum of the tax levy and property tax
9 relief aid under sub. (4).

10 **SECTION 6.** 38.16 (3) (b) of the statutes is repealed.

11 **SECTION 7.** 38.16 (3) (be) of the statutes, as created by 2013 Wisconsin Act 20,
12 is amended to read:

13 38.16 (3) (be) Notwithstanding sub. (1), no district board may increase its ~~tax~~
14 levy revenue in ~~2013~~ the 2014–15 school year or in any school year thereafter by a
15 percentage that exceeds the district’s valuation factor, except as provided in pars.
16 (bg) and (br).

17 **SECTION 8.** 38.16 (3) (bg) 2. of the statutes, as created by 2013 Wisconsin Act
18 20, is amended to read:

19 38.16 (3) (bg) 2. If a district board’s allowable levy revenue under this
20 subsection in ~~2013~~ the 2014–15 school year, or any school year thereafter, is greater
21 than its actual levy revenue in that school year, the limit otherwise applicable to the
22 district board under this subsection in the succeeding school year is increased by the
23 difference between the prior school year’s allowable levy revenue and the prior school
24 year’s actual levy revenue, as determined by the department of revenue, up to a

1 maximum increase of 0.5 percent of the actual levy revenue in that prior school year,
2 if the district board approves the increase by a three-fourths vote.

3 **SECTION 9.** 38.16 (3) (br) 1. of the statutes, as affected by 2013 Wisconsin Act
4 20, is amended to read:

5 38.16 (3) (br) 1. If a district board wishes to exceed the limit otherwise
6 applicable to the district under this subsection, it shall adopt a resolution supporting
7 inclusion in the final district budget of an amount equal to the proposed excess levy
8 revenue. The resolution shall be filed as provided in s. 8.37. Within 10 days after
9 adopting the resolution, the district board shall notify the board of the scheduled date
10 of the referendum and submit a copy of the resolution to the board. The district board
11 shall call a special referendum for the purpose of submitting the resolution to the
12 electors of the district for approval or rejection. In lieu of a special referendum, the
13 district board may specify that the referendum be held at the next succeeding spring
14 primary or election or partisan primary or general election, if such election is to be
15 held not sooner than 70 days after the filing of the resolution of the district board.
16 The district board shall certify the results of the referendum to the board within 10
17 days after the referendum is held.

18 **SECTION 10.** 38.16 (3) (br) 2. of the statutes is amended to read:

19 38.16 (3) (br) 2. The district board shall publish type A, B, C, D, and E notices
20 of the referendum under s. 10.01 (2). Notwithstanding s. 10.01 (2) (a), the type A
21 notice shall include a statement of the amount of the excess levy revenue specified
22 in subd. 1. and a copy of the resolution under subd. 1. Section 5.01 (1) applies in the
23 event of failure to comply with the notice requirements of this subdivision.

24 **SECTION 11.** 38.16 (3) (c) (intro.) of the statutes, as affected by 2013 Wisconsin
25 Act 20, is amended to read:

1 38.16 (3) (c) (intro.) Except as provided in par. (d), if the board determines that
2 a district board ~~imposed an excess levy~~ exceeded its limit under this subsection, the
3 board shall do all of the following:

4 **SECTION 12.** 38.16 (3) (c) 1. of the statutes is amended to read:

5 38.16 (3) (c) 1. Reduce the amount of state aid payments to the district board
6 in the school year in which the district board ~~imposed the excess levy~~ exceeded its
7 limit by an amount equal to the amount of the excess ~~levy~~ revenue.

8 **SECTION 13.** 38.16 (3) (c) 3. of the statutes, as affected by 2013 Wisconsin Act
9 20, is amended to read:

10 38.16 (3) (c) 3. Ensure that the amount of the excess ~~levy~~ revenue is not
11 included in determining the limit under this subsection for the district board for the
12 following year.

13 **SECTION 14.** 38.16 (3) (c) 4. of the statutes is amended to read:

14 38.16 (3) (c) 4. Ensure that, if a district board's excess ~~levy~~ revenue exceeds the
15 amount of state aid that may be reduced under subd. 1., the excess amount is
16 subtracted from state aid payments in the following years until the total amount of
17 the excess ~~levy~~ revenue is subtracted from the state aid payments.

18 **SECTION 15.** 38.16 (3) (d) of the statutes is amended to read:

19 38.16 (3) (d) The department may issue a finding that a district board is not
20 liable for a penalty that would otherwise be imposed under par. (c) if the department
21 determines that the district board's excess ~~levy~~ revenue is caused by one of the
22 following clerical errors:

23 1. The department, through mistake or inadvertence, has assessed to any
24 county or taxation district, in the current year or in the previous year, a greater or

1 lesser valuation for any year than should have been assessed, causing the district
2 board's levy to be erroneous in a way that directly causes an excess levy revenue.

3 2. A taxation district clerk or a county clerk, through mistake or inadvertence
4 in preparing or delivering the tax roll, causes a district board's levy to be erroneous
5 in a way that directly causes an excess levy revenue.

6 **SECTION 16.** 38.16 (4) of the statutes is created to read:

7 38.16 (4) On February 20, 2015, and annually thereafter on the 3rd Friday in
8 February, the board shall distribute to each district board, from the appropriation
9 under s. 20.292 (1) (dp), the amount determined as follows:

10 (a) For the payment in 2015, divide the district's equalized value as of January
11 1, 2014, by the total equalized value of all districts as of January 1, 2014, and
12 multiply the quotient by \$406,000,000.

13 (b) For the payment in 2016 and annually thereafter, the amount determined
14 under par. (a).

15 **SECTION 17.** 71.05 (6) (b) 47. am. of the statutes, as affected by 2013 Wisconsin
16 Act 20, is amended to read:

17 71.05 (6) (b) 47. am. For taxable years beginning after December 31, 2010, and
18 before January 1, 2014, for 2 consecutive taxable years beginning with the taxable
19 year in which the claimant's business locates to this state from another state or
20 another country and begins doing business in this state, as defined in s. 71.22 (1r),
21 and subject to the limitations provided under subd. 47. d., dm., and e., the profit or
22 loss from a trade or business as reported on federal income tax return schedules C
23 and F or their equivalents, plus ordinary gain or loss on the sale of business assets,
24 as determined under s. 71.01 (6), but not less than zero, multiplied by the
25 apportionment fraction determined in s. 71.04 (4) and subject to s. 71.04 (7).

1 **SECTION 18.** 71.05 (6) (b) 47. b. of the statutes, as affected by 2013 Wisconsin
2 Act 20, is amended to read:

3 71.05 **(6)** (b) 47. b. With respect to partners and members of limited liability
4 companies, for taxable years beginning after December 31, 2010, and before January
5 1, 2014, for 2 consecutive taxable years beginning with the taxable year in which the
6 partnership's or limited liability company's business locates to this state from
7 another state or another country and begins doing business in this state, as defined
8 in s. 71.22 (1r), and subject to the limitations provided under subd. 47. d., dm., and
9 e., the partner's or member's distributive share of taxable income as calculated under
10 section 703 of the Internal Revenue Code; plus the items of income and gain under
11 section 702 of the Internal Revenue Code, including taxable state and municipal
12 bond interest and excluding nontaxable interest income or dividend income from
13 federal government obligations; minus the items of loss and deduction under section
14 ~~756702~~ 702 of the Internal Revenue Code, except items that are not deductible under
15 s. 71.21; plus guaranteed payments to partners under section 707 (c) of the Internal
16 Revenue Code; plus the credits claimed under s. 71.07 (2dd), (2de), (2di), (2dj), (2dL),
17 (2dm), (2dr), (2ds), (2dx), (2dy), (3g), (3h), (3n), (3p), (3q), (3r), (3rm), (3rn), (3s), (3t),
18 (3w), (5e), (5f), (5g), (5h), (5i), (5j), (5k), (5r), (5rm), and (8r); and plus or minus, as
19 appropriate, transitional adjustments, depreciation differences, and basis
20 differences under s. 71.05 (13), (15), (16), (17), and (19), multiplied by the
21 apportionment fraction determined in s. 71.04 (4) and subject to s. 71.04 (7) or by
22 separate accounting. No amounts subtracted under this subd. 47. b. may be included
23 in the modification under par. (b) 9. or 9m.

24 **SECTION 19.** 71.05 (6) (b) 47. c. of the statutes, as affected by 2013 Wisconsin
25 Act 20, is amended to read:

1 71.05 (6) (b) 47. c. With respect to shareholders of a tax-option corporation, for
2 taxable years beginning after December 31, 2010, and before January 1, 2014, for 2
3 consecutive taxable years beginning with the taxable year in which the tax-option
4 corporation's business locates to this state from another state or another country and
5 begins doing business in this state, as defined in s. 71.22 (1r), and subject to the
6 limitations provided under subd. 47. d., dm., and e., the shareholder's distributive
7 share of the entity's net income or loss as determined under this chapter, including
8 interest income from federal, state, and municipal government obligations,
9 multiplied by the apportionment fraction determined in s. 71.25 (6m) and subject to
10 s. 71.25 (9) or by separate accounting. No amounts subtracted under this subdivision
11 may be included in the modification under par. (b) 9. or 9m.

12 **SECTION 20.** 71.05 (6) (b) 47. dm. of the statutes is created to read:

13 71.05 (6) (b) 47. dm. No person may claim a deduction under this subdivision
14 for taxable years beginning after December 31, 2013, except that a claimant who is
15 first eligible to claim a deduction under this subdivision for a taxable year beginning
16 after December 31, 2012, and before January 1, 2014, may claim the deduction the
17 following taxable year.

18 **SECTION 21.** 71.05 (8) (b) of the statutes, as affected by 2013 Wisconsin Act 20,
19 is renumbered 71.05 (8) (b) 1.

20 **SECTION 22.** 71.05 (8) (b) 2. of the statutes is created to read:

21 71.05 (8) (b) 2. The taxpayer need not make the offset against Wisconsin
22 modified taxable income of the 2 years preceding the loss, as provided under subd.
23 1., if the taxpayer chooses not to carry back the net operating loss to the 2 years
24 preceding the loss.

25 **SECTION 23.** 71.05 (8) (c) of the statutes is created to read:

1 71.05 (8) (c) The department shall not pay interest on any overpayment that
2 results from the carry-back of a net operating loss.

3 **SECTION 24.** 71.06 (1q) (a) of the statutes, as created by 2013 Wisconsin Act 20,
4 is amended to read:

5 71.06 (1q) (a) On all taxable income from \$0 to \$7,500, 4.40 percent, except that
6 for taxable years beginning after December 31, 2013, 4.0 percent.

7 **SECTION 25.** 71.06 (2) (i) 1. of the statutes, as created by 2013 Wisconsin Act
8 20, is amended to read:

9 71.06 (2) (i) 1. On all taxable income from \$0 to \$10,000, 4.40 percent, except
10 that for taxable years beginning after December 31, 2013, 4.0 percent.

11 **SECTION 26.** 71.06 (2) (j) 1. of the statutes, as created by 2013 Wisconsin Act
12 20, is amended to read:

13 71.06 (2) (j) 1. On all taxable income from \$0 to \$5,000, 4.40 percent, except that
14 for taxable years beginning after December 31, 2013, 4.0 percent.

15 **SECTION 27.** 71.07 (4k) (b) 1. of the statutes, as created by 2013 Wisconsin Act
16 20, is amended to read:

17 71.07 (4k) (b) 1. Subject to the limitations provided in this subsection, and
18 except as provided in subs. 2. and 3., for taxable years beginning after December
19 31, 2012, an individual, a partner of a partnership, a shareholder of a tax-option
20 corporation, or a member of a limited liability company may claim a credit against
21 the tax imposed under s. 71.02 or 71.08, as allocated under par. (d), an amount equal
22 to 5 percent of the amount obtained by subtracting from the individual's,
23 partnership's, tax-option corporation's, or limited liability company's qualified
24 research expenses, as defined in section 41 of the Internal Revenue Code, except that
25 "qualified research expenses" includes only expenses incurred by the individual,

1 partnership, tax-option corporation, or the limited liability company, incurred for
2 research conducted in this state for the taxable year, except that a taxpayer may elect
3 the alternative computation under section 41 (c) (4) of the Internal Revenue Code
4 and that election applies until the department permits its revocation, except as
5 provided in par. (c), and except that “qualified research expenses” does not include
6 compensation used in computing the credit under subs. (2dj) and (2dx), the entity’s
7 base amount, as defined in section 41 (c) of the Internal Revenue Code, except that
8 gross receipts used in calculating the base amount means gross receipts from sales
9 attributable to Wisconsin under ss. 71.04 (7) (b) 1. and 2., (df), (dh), (dj), and (dk).
10 Section 41 (h) of the Internal Revenue Code does not apply to the credit under this
11 subdivision.

12 **SECTION 28.** 71.07 (5i) (c) 3. of the statutes is created to read:

13 71.07 (5i) (c) 3. No credit may be claimed under this subsection based on an
14 amount paid under par. (b) after December 31, 2013.

15 **SECTION 29.** 71.07 (5m) (a) 4. of the statutes is amended to read:

16 71.07 (5m) (a) 4. “Net tax liability” means a claimant’s income tax liability after
17 he or she completes the computations listed in s. 71.10 (4) (a) to ~~(dr)~~ (d).

18 **SECTION 30.** 71.07 (5n) (b) (intro.) of the statutes is amended to read:

19 71.07 (5n) (b) *Filing claims.* (intro.) Subject to the limitations provided in this
20 subsection, a claimant may claim as a credit against the tax imposed under ~~s. ss.~~
21 71.02 and 71.08, up to the amount of the tax, an amount equal to one of the following
22 percentages of the claimant’s eligible qualified production activities income in the
23 taxable year:

24 **SECTION 31.** 71.07 (9r) (a) of the statutes is amended to read:

1 71.07 (9r) (a) For taxable years beginning on or after August 1, 1988, any
2 natural person may credit against taxes otherwise due under s. 71.02 or 71.08 an
3 amount equal to 25% of the costs of preservation or rehabilitation of historic property
4 located in this state, including architectural fees and costs incurred in preparing
5 nomination forms for listing in the national register of historic places in Wisconsin
6 or the state register of historic places, if the nomination is made within 5 years prior
7 to submission of a preservation or rehabilitation plan under par. (b) 3. b., and if the
8 physical work of construction or destruction in preparation for construction begins
9 after December 31, 1988, except that the credit may not exceed \$10,000, or \$5,000
10 for married persons filing separately, for any preservation or rehabilitation project.

11 **SECTION 32.** 71.08 (1) (intro.) of the statutes, as affected by 2013 Wisconsin Act
12 62, is amended to read:

13 71.08 (1) IMPOSITION. (intro.) If the tax imposed on a natural person, married
14 couple filing jointly, trust, or estate under s. 71.02, not considering the credits under
15 ss. 71.07 (1), (2dd), (2de), (2di), (2dj), (2dL), (2dr), (2ds), (2dx), (2dy), (3m), (3n), (3p),
16 (3q), (3r), (3rm), (3rn), (3s), (3t), (3w), (5b), (5d), (5e), (5f), (5h), (5i), (5j), (5n), (6), (6e),
17 (8r), (9e), and (9m), 71.28 (1dd), (1de), (1di), (1dj), (1dL), (1ds), (1dx), (1dy), (2m), (3),
18 (3n), (3t), and (3w), 71.47 (1dd), (1de), (1di), (1dj), (1dL), (1ds), (1dx), (1dy), (2m), (3),
19 (3n), (3t), and (3w), 71.57 to 71.61, and 71.613 and subch. VIII and payments to other
20 states under s. 71.07 (7), is less than the tax under this section, there is imposed on
21 that natural person, married couple filing jointly, trust or estate, instead of the tax
22 under s. 71.02, an alternative minimum tax computed as follows:

23 **SECTION 33.** 71.08 (1) (intro.) of the statutes, as affected by 2013 Wisconsin Acts
24 62 and (this act), is amended to read:

1 71.08 (1) IMPOSITION. (intro.) If the tax imposed on a natural person, married
2 couple filing jointly, trust, or estate under s. 71.02, not considering the credits under
3 ss. 71.07 (1), (2dd), (2de), (2di), (2dj), (2dL), (2dr), (2ds), (2dx), (2dy), (3m), (3n), (3p),
4 (3q), (3r), (3rm), (3rn), (3s), (3t), (3w), (4k), (5b), (5d), (5e), (5f), (5h), (5i), (5j), (5n), (6),
5 (6e), (8r), (9e), ~~and~~ (9m), and (9r), 71.28 (1dd), (1de), (1di), (1dj), (1dL), (1ds), (1dx),
6 (1dy), (2m), (3), (3n), (3t), and (3w), 71.47 (1dd), (1de), (1di), (1dj), (1dL), (1ds), (1dx),
7 (1dy), (2m), (3), (3n), (3t), and (3w), 71.57 to 71.61, and 71.613 and subch. VIII and
8 payments to other states under s. 71.07 (7), is less than the tax under this section,
9 there is imposed on that natural person, married couple filing jointly, trust or estate,
10 instead of the tax under s. 71.02, an alternative minimum tax computed as follows:

11 **SECTION 34.** 71.10 (4) (cr) of the statutes is renumbered 71.10 (4) (fn).

12 **SECTION 35.** 71.10 (4) (dr) of the statutes is renumbered 71.10 (4) (fp).

13 **SECTION 36.** 71.10 (4) (er) of the statutes, as created by 2013 Wisconsin Act 20,
14 is renumbered 71.10 (4) (fr).

15 **SECTION 37.** 71.28 (5i) (c) 3. of the statutes is created to read:

16 71.28 (5i) (c) 3. No credit may be claimed under this subsection based on an
17 amount paid under par. (b) after December 31, 2013.

18 **SECTION 38.** 71.28 (9s) (d) 3. of the statutes, as created by 2013 Wisconsin Act
19 20, is amended to read:

20 71.28 (9s) (d) 3. No credit may be claimed under this subsection for taxable
21 years beginning after December 31, 2013. ~~Credits under this subsection for taxable~~
22 ~~years that begin before January 1, 2014, may be carried forward to taxable years that~~
23 ~~begin after December 31, 2013, except that a claimant who is first eligible to claim~~
24 a credit under this subsection for taxable years beginning after December 31, 2012,
25 and before January 1, 2014, may claim the credit in the following taxable year.

INS
13-15

INS
13-25

1 **SECTION 39.** 71.47 (5i) (c) 3. of the statutes is created to read:

2 71.47 **(5i)** (c) 3. No credit may be claimed under this subsection based on an
3 amount paid under par. (b) after December 31, 2013.

4 **SECTION 40.** 71.47 (9s) (d) 3. of the statutes, as created by 2013 Wisconsin Act
5 20, is amended to read:

6 71.47 **(9s)** (d) 3. No credit may be claimed under this subsection for taxable
7 years beginning after December 31, 2013. ~~Credits under this subsection for taxable~~
8 ~~years that begin before January 1, 2014, may be carried forward to taxable years that~~
9 ~~begin after December 31, 2013, except that a claimant who is first eligible to claim~~
10 ~~a credit under this subsection for taxable years beginning after December 31, 2012,~~
11 ~~and before January 1, 2014, may claim the credit in the following taxable year.~~

12 **SECTION 41.** 71.52 (6) of the statutes is amended to read:

13 71.52 **(6)** "Income" means the sum of Wisconsin adjusted gross income and the
14 following amounts, to the extent not included in Wisconsin adjusted gross income:
15 maintenance payments (except foster care maintenance and supplementary
16 payments excludable under section 131 of the internal revenue code), support money,
17 cash public assistance (not including credit granted under this subchapter and
18 amounts under s. 46.27), cash benefits paid by counties under s. 59.53 (21), the gross
19 amount of any pension or annuity (including railroad retirement benefits, all
20 payments received under the federal social security act and veterans disability
21 pensions), nontaxable interest received from the federal government or any of its
22 instrumentalities, nontaxable interest received on state or municipal bonds,
23 worker's compensation, unemployment insurance, the gross amount of "loss of time"
24 insurance, compensation and other cash benefits received from the United States for
25 past or present service in the armed forces, scholarship and fellowship gifts or

1 income, capital gains, gain on the sale of a personal residence excluded under section
2 121 of the internal revenue code, dividends, income of a nonresident or part-year
3 resident who is married to a full-year resident, housing allowances provided to
4 members of the clergy, the amount by which a resident manager's rent is reduced,
5 nontaxable income of an American Indian, nontaxable income from sources outside
6 this state and nontaxable deferred compensation. Intangible drilling costs,
7 depletion allowances and depreciation, including first-year depreciation allowances
8 under section 179 of the internal revenue code, amortization, contributions to
9 individual retirement accounts under section 219 of the internal revenue code,
10 contributions to Keogh plans, net operating loss carry-backs and carry-forwards
11 and capital loss carry-forwards deducted in determining Wisconsin adjusted gross
12 income shall be added to "income". "Income" does not include gifts from natural
13 persons, cash reimbursement payments made under title XX of the federal social
14 security act, surplus food or other relief in kind supplied by a governmental agency,
15 the gain on the sale of a personal residence deferred under section 1034 of the
16 internal revenue code or nonrecognized gain from involuntary conversions under
17 section 1033 of the internal revenue code. Amounts not included in adjusted gross
18 income but added to "income" under this subsection in a previous year and repaid
19 may be subtracted from income for the year during which they are repaid.
20 Scholarship and fellowship gifts or income that are included in Wisconsin adjusted
21 gross income and that were added to household income for purposes of determining
22 the credit under this subchapter in a previous year may be subtracted from income
23 for the current year in determining the credit under this subchapter. A marital
24 property agreement or unilateral statement under ch. 766 has no effect in computing

(N) 16-2

1 "income" for a person whose homestead is not the same as the homestead of that
2 person's spouse.

3 **SECTION 42.** 77.54 (61) (intro.), (a) and (b) of the statutes, as created by 2013
4 Wisconsin Act 20, are amended to read:

(N) 16-3

5 77.54 (61) (intro.) The sales price from the sale of and the storage, use, or other
6 consumption of the following by a person primarily engaged, as determined by the
7 department, in commercial printing, ~~not including screen printing or book printing,~~
8 ~~without publishing, except for gray goods; printing, or printing and binding, books~~
9 ~~or pamphlets without publishing the books or pamphlets; or performing prepress~~
10 ~~and postpress services in support of printing activities~~ book printing, or support
11 activities for printing described under 323111, 323117, and 323120 of the North
12 American Industry Classification System:

13 (a) Computers and servers ~~that are used~~ primarily to store copies of the product
14 that are sent to a digital printer, a platemaking machine, or a printing press ~~or used~~
15 primarily in prepress or postpress activities.

16 (b) Tangible personal property purchased from out-of-state sellers that are
17 temporarily stored, remain idle, and not used in this state ~~for not more than 180 days~~
18 and that are then delivered and used solely outside of this state.

19 **SECTION 43.** 77.54 (61) (c) of the statutes is created to read:

20 77.54 (61) (c) In this subsection:

21 1. "Postpress activities" include paper bronzing, die-cutting, edging,
22 embossing, folding, gilding, gluing, and indexing.

23 2. "Prepress activities" include making print-ready plates, typesetting, trade
24 binding, and sample mounting.

25 3. "Temporarily" means not more than 180 days.

1 **SECTION 44.** 238.16 (3) (intro.) of the statutes, as affected by 2013 Wisconsin
2 Act 20, is amended to read:

3 238.16 (3) **ELIGIBILITY FOR TAX BENEFITS.** (intro.) A person certified under sub.
4 (2) may receive tax benefits under this section if, in each year for which the person
5 claims tax benefits under this section, the person increases net employment in this
6 state in the person's business above the net employment in this state in the person's
7 business during the year before the person was certified under sub. (2), as
8 determined by the corporation under its policies and procedures, and one of the
9 following applies:

10 **SECTION 9143. Nonstatutory provisions; Technical College System.**

11 (1) **AID NOTIFICATION.** By October 15, 2014, the state technical college system
12 board shall notify each technical college district board of the amount of aid it will
13 receive under section 38.16 (4) of the statutes, as created by this act, on February 20,
14 2015.

15 **SECTION 9337. Initial applicability; Revenue.**

16 (1) **COMMERCIAL PRINTING.** The treatment of section 77.54 (61) (intro.), (a), (b),
17 and (c) of the statutes first applies retroactively to sales made on October 1, 2013.

18 (2) **RESEARCH AND REHABILITATION CREDITS.** The treatment of sections 71.07 (4k)
19 (b) 1., (5m) (a) 4., and (9r) (a), 71.08 (1) (intro.) (as it relates to the state historic
20 rehabilitation credit and the research credit), and 71.10 (4) (dr) and (er) of the
21 statutes first applies to taxable years beginning on January 1, 2014.

22 (3) **CARRY-BACKS.** ^{91(a)} The treatment of section 71.52 (6) of the statutes, the
23 renumbering of section 71.05 (8) (b) of the statutes, and the creation of section 71.05
24 (8) (b) 2. of the statutes first apply to taxable years beginning on January 1, 2014.

WS
17-17

WS
17-24

1 (4) OVERPAYMENTS. The treatment of section 71.05 (8) (c) of the statutes first
2 applies to refunds paid on January 1, 2014.

3 (5) MANUFACTURING AND AGRICULTURE CREDITS. The treatment of sections 71.07
4 (5n) (b) (intro.), 71.08 (1) (intro.) (as it relates to the manufacturing and agriculture
5 credit), and 71.10 (4) (cr) of the statutes first applies retroactively to taxable years
6 beginning on January 1, 2013.

INS 18x6 →
7 **SECTION 9400. Effective dates; general.** Except as otherwise provided in
8 SECTIONS 9401 to 9452 of this act, this act takes effect on the day after publication.

9 **SECTION 9437. Effective dates; Revenue.**

10 (1) COMMERCIAL PRINTING. The treatment of section 77.54 (61) (intro.), (a), (b),
11 and (c) of the statutes takes effect retroactively to October 1, 2013.

INS 1812 →
12 (2) MANUFACTURING AND AGRICULTURE CREDITS. The treatment of sections 71.07
13 (5n) (b) (intro.), 71.08 (1) (intro.) (by SECTION 32), and 71.10 (4) (cr) of the statutes
14 takes effect retroactively on January 1, 2013.

15 (3) RESEARCH AND REHABILITATION CREDITS. The treatment of sections 71.07 (4k)
16 (b) 1., (5m) (a) 4., and (9r) (a), 71.08 (1) (intro.) (by SECTION 33), and 71.10 (4) (dr) and
17 (er) of the statutes takes effect on January 1, 2014.

18 (END)

INS 18-18

2013-2014 DRAFTING INSERT
FROM THE
LEGISLATIVE REFERENCE BUREAU

LRB-4262/plins
JK:.....

1 Insert A

Engrossment information:

The text of Engrossed January 2014 Special Session Assembly Bill 1 consists of the following documents adopted in the assembly on February 11, 2014: the bill as affected by Assembly Amendments 2, 3, and 4 and Assembly Amendment 1 to Assembly Amendment 4.

Content of Engrossed January 2014 Special Session Assembly Bill 1:



State of Wisconsin
2013 - 2014 LEGISLATURE
January 2014 Special Session



LRB-4192/1
JK:cjs:jm

BILL

Insert 3-A

1 **AN ACT to amend** 71.26 (4) (a), 71.45 (4) (a) and 71.98 (3) of the statutes; **relating**
2 **to:** net operating losses and depletion provisions for income and franchise tax
3 purposes.

Analysis by the Legislative Reference Bureau

Under current law, corporations and insurers may offset against their Wisconsin net business income any Wisconsin net business loss sustained in any of the 15 preceding taxable years. Under ~~this~~ bill, corporations and insurers may offset against their Wisconsin net business income any Wisconsin net business loss sustained in any of the 20 preceding taxable years.

Under current law, the provisions of the federal Internal Revenue Code used for computing depreciation, depletion, and amortization for state income and franchise tax purposes are the provisions of the federal Internal Revenue Code in effect on January 1, 2014. Under the bill, the provisions of the federal Internal Revenue Code used for computing depletion are the provisions of the federal Internal Revenue Code in effect for the year in which the property is placed in service.

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.

DEPLETION®



2013 ASSEMBLY BILL 76

March 14, 2013 – Introduced by Representatives JACQUE, BALLWEG, BERNIER, BIES, BROOKS, KAHL, KAUFERT, MURTHA, OHNSTAD, SANFELIPPO, SPIROS, STONE, STRACHOTA and THIESFELDT, cosponsored by Senators GROTHMAN, GUDEx, LEIBHAM, OLSEN and SCHULTZ. Referred to Committee on Jobs, Economy and Mining. Referred to Joint Survey Committee on Tax Exemptions.

1 AN ACT *to create* 77.54 (9a) (j) of the statutes; **relating to:** a sales and use tax
2 exemption for building materials that become a part of a facility for a local unit
3 of government or nonprofit organization.

Analysis by the Legislative Reference Bureau

Under current law, municipalities, school districts, and certain nonprofit organizations are exempt from paying the sales tax and the use tax on purchases of tangible personal property. To receive the sales tax or use tax exemption, the municipality, school district, or nonprofit organization must purchase the tangible personal property. A construction contractor hired by the municipality, school district, or nonprofit organization may not receive the exemption for property purchased by the contractor to be used for a municipality, school district, or nonprofit organization construction project.

Under this bill, the sale of tangible personal property that becomes a component of a facility in this state that is owned by a municipality or nonprofit organization is exempt from the sales tax and the use tax. The exemption applies to tangible personal property purchased by a construction contractor who transfers the property to the municipality or nonprofit organization as part of constructing the facility.

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.

Amend
3-B

SALES TAX



State of Wisconsin
 2013 - 2014 LEGISLATURE
 January 2014 Special Session



LRBa1521/1
 JK:eev:jm

**ASSEMBLY AMENDMENT 2,
 TO 2013 ASSEMBLY BILL 1**

February 5, 2014 – Offered by Representative KOOYENGA.

1 At the locations indicated, amend the bill as follows:

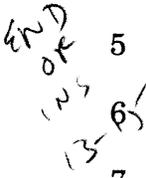
2 **1.** Page 13, line 14: after that line insert:

3 **SECTION 36d.** 71.26 (4) (a) of the statutes is amended to read:

4 71.26 (4) (a) Except as provided in par. (b), a corporation, except a tax-option
 5 corporation or an insurer to which s. 71.45 (4) applies, may offset against its
 6 Wisconsin net business income any Wisconsin net business loss sustained in any of
 7 the next 15 20 preceding taxable years, if the corporation was subject to taxation
 8 under this chapter in the taxable year in which the loss was sustained, to the extent
 9 not offset by other items of Wisconsin income in the loss year and by Wisconsin net
 10 business income of any year between the loss year and the taxable year for which an
 11 offset is claimed. For purposes of this subsection Wisconsin net business income or
 12 loss shall consist of all the income attributable to the operation of a trade or business
 13 in this state, less the business expenses allowed as deductions in computing net

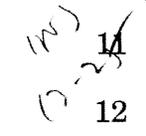
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✓

1 income. The Wisconsin net business income or loss of corporations engaged in
2 business within and without the state shall be determined under s. 71.25 (6) and (10)
3 to (12). Nonapportionable losses having a Wisconsin situs under s. 71.25 (5) (b) shall
4 be included in Wisconsin net business loss; and nonapportionable income having a
5 Wisconsin situs under s. 71.25 (5) (b), whether taxable or exempt, shall be included
6 in other items of Wisconsin income and Wisconsin net business income for purposes
7 of this subsection." 

8 **2.** Page 13, line 25: after that line insert:

9 "SECTION 38d. 71.45 (4) (a) of the statutes is amended to read:

10 ✓ 71.45 (4) (a) Except as provided in par. (b), insurers computing tax under this
11 subchapter may subtract from Wisconsin net income any Wisconsin net business loss
12 sustained in any of the next ~~15~~ 20 preceding taxable years to the extent not offset by
13 Wisconsin net business income of any year between the loss year and the taxable year
14 for which an offset is claimed and computed without regard to sub. (2) (a) 8. and 9.
15 and this subsection and limited to the amount of net income, but no loss incurred for
16 a taxable year before taxable year 1987 by a nonprofit service plan of sickness care
17 under ch. 148, or dental care under s. 447.13 may be treated as a net business loss
18 of the successor service insurer under ch. 613 operating by virtue of s. 148.03 or
19 447.13." 

20 **3.** Page 16, line 2: after that line insert:

21 "SECTION 41d. 71.98 (3) of the statutes, as created by 2013 Wisconsin Act 20,
22 is amended to read:

23 ✓ 71.98 (3) DEPRECIATION, DEPLETION, AND AMORTIZATION. For taxable years
24 beginning after December 31, 2013, and for purposes of computing depreciation,


(M)
16-2

1 depletion, and amortization, the Internal Revenue Code means the federal Internal
2 Revenue Code in effect on January 1, 2014. For taxable years beginning after
3 December 31, 2013, and for purposes of computing depletion, the Internal Revenue
4 code means the federal Internal Revenue code in effect for the year in which the
5 property is placed in service."

6 **4.** Page 18, line 6: after that line insert:

7 "(5m) NET OPERATING LOSSES; DEPLETION. The treatment of sections 71.26 (4) (a),
8 71.45 (4) (a), and 71.98 (3) of the statutes first applies to taxable years beginning on
9 January 1, 2014."

10

(END)

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18-6



State of Wisconsin
2013 - 2014 LEGISLATURE
January 2014 Special Session



LRBa1562/1
JK:jld:jm

**ASSEMBLY AMENDMENT 3,
TO 2013 ASSEMBLY BILL 1**

February 6, 2014 – Offered by Representative KOOYENGA.

1 At the locations indicated, amend the bill as follows:

2 **1.** Page 17, line 22: after “CARRY-BACKS.” insert:

3 “(a)”.

4 **2.** Page 17, line 22: delete “treatment of section 71.52 (6) of the statutes, the”.

5 **3.** Page 17, line 23: delete “statutes,” and substitute “statutes”.

6 **4.** Page 17, line 24: after that line insert:

7 “(am) The treatment of section 71.52 (6) of the statutes first applies
8 retroactively to taxable years beginning on January 1, 2012.”

9 **5.** Page 18, line 17: after that line insert:

10 “(3d) CARRY-BACKS. The treatment of section 71.52 (6) of the statutes takes
11 effect retroactively to January 1, 2012.”

12 (END)

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**ASSEMBLY AMENDMENT 4,
 TO 2013 ASSEMBLY BILL 1**

February 6, 2014 – Offered by Representatives JACQUE, MARKLEIN and KULP.

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At the locations indicated, amend the bill as follows:

✓ **1.** Page 1, line 13: after “losses;” insert “a sales and use tax exemption for building materials that become a part of certain facilities;”

2. Page 16, line 2: after that line insert:

“SECTION **41d** 77.54 (9d) of the statutes is created to read:

INS 3
16

77.54 (9d) The sales price from the sales of and the storage, use, or other consumption of tangible personal property, or items or property under s. 77.52 (1) (b) or (c), sold to a construction contractor who, in fulfillment of a real property construction activity, transfers the tangible personal property, or item, or property under s. 77.52 (1) (b) or (c), to an entity described under sub. (9a) (a), (b), (c), (d), (em), or (f), if such tangible personal property, item, or property becomes a component of a facility in this state that is owned by the entity. In this subsection, “facility” means

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1 any building, shelter, parking lot, parking garage, athletic field, athletic park, storm
2 sewer, or water supply system, but does not include a highway, street, or road.

3 **SECTION 41e.** 77.54 (9e) of the statutes is created to read:

4 ~~77.54 (9e) The sales price from the sales of and the storage, use, or other
5 consumption of tangible personal property or property under s. 77.52 (1) (c) sold to
6 an organization that is exempt from federal income taxation under section 501 (c) (3)
7 of the Internal Revenue Code that purchases the tangible personal property or
8 property under s. 77.52 (1) (c) on behalf of an entity described under sub. (9a) (a), if
9 such tangible personal property, item, or property is used in, or becomes a component
10 of, a facility in this state that is owned by the entity. In this subsection, "facility"
11 means any building, shelter, parking lot, parking garage, athletic field, athletic park,
12 storm sewer, or water supply system, but does not include a highway, street, or road."~~

13 **3.** Page 17 line 17: after that line insert:

14 "(1m) BUILDING MATERIALS. The treatment of section 77.54 (9d) and (9e) of the
15 statutes first applies to contracts entered into on July 1, 2015."

16 (END)

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State of Wisconsin
2013 - 2014 LEGISLATURE
January 2014 Special Session



LRBa1716/1
JK:kjf/sac/wlj:jm

**ASSEMBLY AMENDMENT 1,
TO ASSEMBLY AMENDMENT 4,
TO 2013 ASSEMBLY BILL 1**

February 11, 2014 – Offered by Representatives JACQUE, MARKLEIN and KULP.

1 At the locations indicated, amend the amendment as follows:

2 **1.** Page 1, line 10: delete “(a), (b), (c), (d), (em),” and substitute “(b)”.

3 **2.** Page 2, line 2: delete “road.” and substitute “road.”.”.

4 **3.** Page 2, line 3: delete lines 3 to 12.

5 **4.** Page 2, line 14: delete “and (9e)”.

6 **5.** Page 2, line 15: after that line insert:

7 “3m. Page 18, line 11: after that line insert:

8 “(1m) BUILDING MATERIALS. The treatment of section 77.54 (9d) of the statutes
9 takes effect on July 1, 2015.”.”.

10

(END)

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18-12