2013 Jr4 DRAFTING REQUEST

Bill

Received:	**1/22/2014**	Received By:	**chanaman**
Wanted:	**As time permits**	Same as LRB:	**-4039**
For:	**Governor**	By/Representing:	**Sara Hynek**
May Contact:		Drafter:	**chanaman**
Subject:	**State Govt - miscellaneous**	Addl. Drafters:	**jkreye** **mshovers** **pgrant**
		Extra Copies:	

Submit via email: **YES**
Requester's email: **sara.hynek@doa.state.wi.us**
Carbon copy (CC) to: **jennifer.kraus@doa.state.wi.us**
michael.heifetz@wisconsin.gov
kirsten.grinde@doa.state.wi.us

Pre Topic:

No specific pre topic given

Topic:

Compile for state of the state

Instructions:

See attached. -4017, -4025, -4026, -4035

Drafting History:

Vers.	Drafted	Reviewed	Typed	Proofed	Submitted	Jacketed	Required
/?	chanaman 1/22/2014	wjackson 1/22/2014		_____ _____			
/1			jmurphy	_____	mbarman	mbarman	State

Vers.	Drafted	Reviewed	Typed	Proofed	Submitted	Jacketed	Required
			1/22/2014	_____	1/22/2014	1/22/2014	S&L

FE Sent For:

01-24-2014
("/1")

see attached

<END>

2013 Jr4 DRAFTING REQUEST

Bill

Received:	**1/22/2014**	Received By:	**chanaman**
Wanted:	**As time permits**	Same as LRB:	**-4039**
For:	**Governor**	By/Representing:	**Sara Hynek**
May Contact:		Drafter:	**chanaman**
Subject:	**State Govt - miscellaneous**	Addl. Drafters:	**jkreye** **mshovers** **pgrant**
		Extra Copies:	

Submit via email: **YES**
Requester's email: **sara.hynek@doa.state.wi.us**
Carbon copy (CC) to: **jennifer.kraus@doa.state.wi.us**
michael.heifetz@wisconsin.gov
kirsten.grinde@doa.state.wi.us

Pre Topic:

No specific pre topic given

Topic:

Compile for state of the state

Instructions:

See attached. -4017, -4025, -4026, -4035

Drafting History:

Vers.	Drafted	Reviewed	Typed	Proofed	Submitted	Jacketed	Required
/?	chanaman 1/22/2014	wjackson 1/22/2014		_____ _____			
/1			jmurphy	_____	mbarman		State

Vers.	Drafted	Reviewed	Typed	Proofed	Submitted	Jacketed	Required
			1/22/2014	_____	1/22/2014		S&L

FE Sent For:

<END>

2013 Jr4 DRAFTING REQUEST

Bill

Received:	**1/22/2014**	Received By:	**chanaman**
Wanted:	**As time permits**	Same as LRB:	**-4039**
For:	**Governor**	By/Representing:	**Sara Hynek**
May Contact:		Drafter:	**chanaman**
Subject:	**State Govt - miscellaneous**	Addl. Drafters:	**jkreye** **mshovers** **pgrant**
		Extra Copies:	

Submit via email: **YES**
Requester's email: **sara.hynek@doa.state.wi.us**
Carbon copy (CC) to: **jennifer.kraus@doa.state.wi.us**
michael.heifetz@wisconsin.gov
kirsten.grinde@doa.state.wi.us

Pre Topic:

No specific pre topic given

Topic:

Compile for state of the state

Instructions:

See attached. -4017, -4025, -4026, -4035

Drafting History:

Vers.	Drafted	Reviewed	Typed	Proofed	Submitted	Jacketed	Required
/?	chanaman	/1 WLJ 1/22		Jmhrs 1/22		JACKET FOR SENATE PLEASE	

FE Sent For:

<END>

State of Wisconsin
2013 – 2014 LEGISLATURE

January 2014 Special Session

LRB–4089/P2
PG/MES/JK:all:rs

PRELIMINARY DRAFT – NOT READY FOR INTRODUCTION

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

1 credit, the state historic rehabilitation credit, and the relocated business credit;

2 and 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.

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:

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

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

38.16 **(3)** (a) 2. "Excess ~~levy~~ revenue" means the amount by which a district board's ~~tax levy~~ revenue exceeds the limit under this subsection.

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

38.16 **(3)** (a) 2w. "Revenue" means the sum of the tax levy and property tax relief aid under sub. (4).

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

71.07 **(5m)** (a) 4. "Net tax liability" means a claimant's income tax liability after he or she completes the computations listed in s. 71.10 (4) (a) to ~~(dr)~~ (d).

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

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

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 <u>or 71.08</u> 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), <u>(5n),</u> (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:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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. 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.

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.
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.
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)**

Barman, Mike

From: LRB.Legal
To: sara.hynek@doa.state.wi.us
Subject: Draft review: LRB -4066/1 Topic: Compile for state of the state
Attachments: 13-4066/1

State of Wisconsin - Legislative Reference Bureau

One East Main Street - Suite 200 - Madison

The attached draft was prepared at your request. Please review it carefully to ensure that it satisfies your intent. If you have any questions concerning the draft or would like to have it redrafted, please contact Cathlene M. Hanaman, Deputy Chief, at (608) 267-9810, at cathlene.hanaman@legis.wisconsin.gov, or at One East Main Street, Suite 200.

Per instructions from the drafting attorney ... we will jacket this draft for the Senate ... it will be ready for pick-up any time after 2:45 PM.

If the last paragraph of the analysis states that a fiscal estimate will be prepared, the LRB will submit a request to DOA when the draft is introduced. You may obtain a fiscal estimate on the draft prior to introduction by contacting our program assistants at LRB.Legal@legis.wisconsin.gov or at (608) 266-3561. If you requested a fiscal estimate on an earlier version of this draft and would like to obtain a fiscal estimate on the current version before it is introduced, you will need to request a revised fiscal estimate from our program assistants.

Please call our program assistants at (608) 266-3561 if you have any questions regarding this email.

Barman, Mike

From: Hamele, Mary - DOA <Mary.Hamele@wisconsin.gov>
Sent: Thursday, January 23, 2014 4:08 PM
To: Barman, Mike
Subject: Special Session FE

Could you please get permissions as needed to start the early fiscal estimates for the special session bills? The Governor's Office would like them requested before introduction, but I know you need approvals through the proper channels. Thanks!

Mary Hamele
Division of Executive Budget & Finance
Department of Administration
(608) 266-1807

Barman, Mike

From: Hynek, Sara - DOA <Sara.Hynek@wisconsin.gov>
Sent: Friday, January 24, 2014 9:07 AM
To: Barman, Mike
Cc: Hamele, Mary - DOA
Subject: Request for Fiscal Estimates

Hello Mike – I would like to request that fiscal estimates for the following LRB numbers be prepared as soon as possible, prior to introduction:

-4039
-4066
-3988
-4068

Please let me know of any questions. Thank you!

Sara Hynek
Team Leader, Education and Workforce Development Team
State Budget Office
Wisconsin Department of Administration
608-266-1037

Memo

To: Governor's Office (per Sara Hynek @DOA) *(The Draft's Requester)*

Per your request ... the attached fiscal estimate was prepared for your un–introduced 2013 session draft.

LRB Number: **LRB–4066**

Version: **" /1 " (original)**

Fiscal Estimate Prepared By: (agency abbr.) **DOR**

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

* *

Entered In Computer And Copy Sent To Requester Via E–Mail: 01 / 27 / 2013

To: LRB – Legal Section PA's

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

> **If re–drafted ...** please insert this cover sheet and attached early fiscal estimate into the drafting file "guts" ... after the draft's old version (the version that this fiscal estimate was based on), and just before re–draft of the updated version.

> **If introduced ...** please make sure the attached fiscal estimate is for the **current version** ... write the draft's new introduction number below and give this packet to Mike (or Lori) to re–process the fiscal estimate (w/intro. number included).

THIS DRAFT WAS INTRODUCED AS: 2013 SB 1 (Jr4)

Barman, Mike

From: Barman, Mike
Sent: Monday, January 27, 2014 3:52 PM
To: Hynek, Sara - DOA
Cc: Michael.Heifetz@wisconsin.gov
Subject: LRB-4039/1 & LRB-4066/1 (both un-introduced) (FE's by DOR - attached - for your review)

FE-4039_DORor...

FE-4066_DORor...

Drafter: CMH
Subject: State Govt - miscellaneous

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

Memo

To: Governor's Office (per Sara Hynek @DOA) *(The Draft's Requester)*

Per your request ... the attached fiscal estimate was prepared for your un–introduced 2013 session draft.

LRB Number: LRB–4066

Version: "/1" (original)

Fiscal Estimate Prepared By: (agency abbr.) WEDC

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

* *

Entered In Computer And Copy Sent To Requester Via E–Mail: 01 / 29 / 2013

To: LRB – Legal Section PA's

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

> **If re–drafted ...** please insert this cover sheet and attached early fiscal estimate into the drafting file "guts" ... after the draft's old version (the version that this fiscal estimate was based on), and just before re–draft of the updated version.

> **If introduced ...** please make sure the attached fiscal estimate is for the **current version** ... write the draft's new introduction number below and give this packet to Mike (or Lori) to re–process the fiscal estimate (w/intro. number included).

THIS DRAFT WAS INTRODUCED AS: 2013 SB 1 (Jr 4)

Barman, Mike

From: Barman, Mike
Sent: Wednesday, January 29, 2014 12:51 PM
To: Hynek, Sara - DOA
Cc: michael.heifetz@wisconsin.gov
Subject: LRB-4039/1 & LRB-4066/1 (both un-introduced) (FE's by WEDC - attached - for your review)

FE-4039_WEDC....

FE-4066_WEDC....

Drafter: CMH
Subject: State Govt - miscellaneous

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