



**WISCONSIN LEGISLATIVE COUNCIL
AMENDMENT MEMO**

**January 2011 Special Session
Senate Bill 7**

**Senate Substitute
Amendment 1**

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January 2011 Special Session Senate Bill 7 creates an income and franchise tax credit for businesses with gross receipts of less than \$500,000. For a business with gross receipts of less than \$250,000, a claimant may claim a credit equal to 15% of the claimant's gross tax liability. The amount of the credit is phased out from 15% to zero for businesses with gross receipts greater than \$250,000, but less than \$500,000.

Senate Substitute Amendment 1 creates an income and franchise tax deduction for job creation. Under the substitute amendment, a business with gross receipts of \$5,000,000 or less in a taxable year may claim a deduction equal to \$4,000 for each new full-time equivalent employee employed in the taxable year. Businesses with gross receipts of more than \$5,000,000 may claim a deduction equal to \$2,000 for each new full-time equivalent employee employed in the taxable year. Under the substitute amendment, the increase in full-time equivalent employees is calculated based on unemployment data reported to the Department of Revenue (DOR). Additionally, no person may claim the tax deduction for job creation if the person may claim a tax credit based on the person relocating the person's business from another state to this state and in an amount equal to the person's tax liability. The deduction would first apply to taxable years beginning on January 1, 2011.

Senate Substitute Amendment 1 directs DOR to promulgate rules to administer the tax deduction for job creation.

Senate Substitute Amendment 1 specifies that the general fund statutory reserve requirement (\$65,000,000 in the 2010-11 and 2011-13 Bienniums) does not apply to this legislation.

Legislative History

Senate Substitute Amendment 1 was offered by the Joint Committee on Finance on January 20, 2011. On the same date, the committee recommended adoption of Senate Substitute Amendment 1 on a vote of Ayes, 12; Noes, 4, and recommended passage of Special Session Senate Bill 7, as amended, on a vote of Ayes, 12; Noes, 4.

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