



State of Wisconsin
2013 - 2014 LEGISLATURE

January 2014 Special Session



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

February 11, 2014 – Offered by Representatives BARCA, PASCH, JORGENSEN and ZAMARRIPA.

1 **AN ACT** *to repeal* 115.436 (2) (a) and (b); *to renumber* 38.41 (1) and (2) and 71.05
2 (8) (b); *to renumber and amend* 38.41 (3) (a), 38.41 (3) (c), 38.41 (3) (d) and
3 38.41 (4); *to consolidate, renumber and amend* 115.436 (2) (intro.) and (c);
4 **to amend** 20.292 (1) (eh), 20.292 (1) (f), 38.41 (title), 71.05 (6) (b) 47. am., 71.05
5 (6) (b) 47. b., 71.05 (6) (b) 47. c., 71.06 (1q) (a), 71.06 (2) (i) 1., 71.06 (2) (j) 1., 71.28
6 (9s) (d) 3., 71.47 (9s) (d) 3., 71.52 (6), 77.54 (61) (intro.), (a) and (b), 79.15,
7 115.436 (3) (a) and 238.16 (3) (intro.); *to repeal and recreate* 38.41 (1m) (c)
8 1.; and *to create* 20.292 (1) (ej), 38.41 (1m) (title), 38.41 (2m), 71.05 (6) (b) 47.
9 dm., 71.05 (8) (b) 2., 71.05 (8) (c), 71.07 (5i) (c) 3., 71.28 (5i) (c) 3., 71.47 (5i) (c)
10 3., 71.64 (9) (b) 3., 77.54 (61) (c) and 115.436 (3) (am) of the statutes; **relating**
11 **to:** reducing the lowest individual income tax rate; providing high-demand
12 profession grants to technical college districts; increasing the amount of the
13 first-dollar credit; the carry-back of net operating losses; reducing the

1 authority of the Department of Revenue to adjust the withholding tables; the
2 sales and use tax exemption for commercial printing; the jobs tax credit; the
3 electronic medical records credit; the relocated business credit; and making
4 appropriations.

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

5 **SECTION 1.** 20.005 (3) (schedule) of the statutes: at the appropriate place, insert
6 the following amounts for the purposes indicated:

7 **2013–14** **2014–15**

8 **20.292 Technical college system board**

9 (1) TECHNICAL COLLEGE SYSTEM

10 (ej) High–demand profession grants GPR C –0– 100,000,000

11 **SECTION 2.** 20.292 (1) (eh) of the statutes is amended to read:

12 20.292 (1) (eh) *Training program Business skills training grants*. Biennially,
13 the amounts in the schedule for grants under s. 38.41 (1m).

14 **SECTION 3.** 20.292 (1) (ej) of the statutes is created to read:

15 20.292 (1) (ej) *High–demand profession grants*. As a continuing appropriation,
16 the amounts in the schedule for making grants under s. 38.41 (2m).

17 **SECTION 4.** 20.292 (1) (f) of the statutes, as created by 2013 Wisconsin Act 20,
18 is amended to read:

19 20.292 (1) (f) *Grants to district boards*. As a continuing appropriation, the
20 amounts in the schedule for aids and grants to technical college districts under ss.
21 38.04 (13) (a), (20), (28), and (32) (a), 38.26, 38.27, 38.272, 38.28 (4), 38.29, 38.32,
22 38.33, 38.38, 38.40 (4m), and 38.41 (1m).

1 **SECTION 5.** 38.41 (title) of the statutes is amended to read:

2 **38.41 (title) Training program grants.**

3 **SECTION 6.** 38.41 (1) and (2) of the statutes are renumbered 38.41 (1m) (a) and
4 (b).

5 **SECTION 7.** 38.41 (1m) (title) of the statutes is created to read:

6 **38.41 (1m) (title) BUSINESS SKILLS TRAINING.**

7 **SECTION 8.** 38.41 (1m) (c) 1. of the statutes, as affected by 2013 Wisconsin Acts
8 20 and (this act), is repealed and recreated to read:

9 **38.41 (1m) (c) 1.** Amounts awarded under this subsection shall be paid from
10 the appropriation under s. 20.292 (1) (f).

11 **SECTION 9.** 38.41 (2m) of the statutes is created to read:

12 **38.41 (2m) HIGH-DEMAND PROFESSIONS.** From the appropriation under s. 20.292
13 (1) (ej), the board shall award grants to district boards for training for high-demand
14 professions, as determined by the board. In determining what constitute
15 high-demand professions, the board shall consider the determinations regarding
16 high-demand fields under s. 38.28 (2) (be) 1. b.

17 **SECTION 10.** 38.41 (3) (a) of the statutes is renumbered 38.41 (1m) (c) 1. and
18 amended to read:

19 **38.41 (1m) (c) 1.** The board shall award grants under this ~~section~~ subsection
20 from the appropriation under s. 20.292 (1) (eh).

21 **SECTION 11.** 38.41 (3) (c) of the statutes is renumbered 38.41 (1m) (c) 2. and
22 amended to read:

23 **38.41 (1m) (c) 2.** The board may award no more than \$500,000 in any fiscal year
24 under ~~sub. (2)~~ par. (b).

1 **SECTION 12.** 38.41 (3) (d) of the statutes is renumbered 38.41 (1m) (c) 3. and
2 amended to read:

3 38.41 **(1m)** (c) 3. Beginning in the 2008–09 school year, the board shall award
4 at least \$1,000,000 annually under ~~sub. (1) par. (a)~~ par. (a) for training in advanced
5 manufacturing skills, and beginning in the 2010–11 school year, the board shall
6 award at least \$2,000,000 annually under ~~sub. (1) par. (a)~~ par. (a) for such training.

7 **SECTION 13.** 38.41 (4) of the statutes is renumbered 38.41 (1m) (d) and amended
8 to read:

9 38.41 **(1m)** (d) The board shall promulgate rules to implement and administer
10 this ~~section~~ subsection.

11 **SECTION 14.** 71.05 (6) (b) 47. am. of the statutes, as affected by 2013 Wisconsin
12 Act 20, is amended to read:

13 71.05 **(6)** (b) 47. am. For taxable years beginning after December 31, 2010, and
14 before January 1, 2014, for 2 consecutive taxable years beginning with the taxable
15 year in which the claimant's business locates to this state from another state or
16 another country and begins doing business in this state, as defined in s. 71.22 (1r),
17 and subject to the limitations provided under subd. 47. d., dm., and e., the profit or
18 loss from a trade or business as reported on federal income tax return schedules C
19 and F or their equivalents, plus ordinary gain or loss on the sale of business assets,
20 as determined under s. 71.01 (6), but not less than zero, multiplied by the
21 apportionment fraction determined in s. 71.04 (4) and subject to s. 71.04 (7).

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

24 71.05 **(6)** (b) 47. b. With respect to partners and members of limited liability
25 companies, for taxable years beginning after December 31, 2010, and before January

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

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

22 71.05 (6) (b) 47. c. With respect to shareholders of a tax-option corporation, for
23 taxable years beginning after December 31, 2010, and before January 1, 2014, for 2
24 consecutive taxable years beginning with the taxable year in which the tax-option
25 corporation's business locates to this state from another state or another country and

1 begins doing business in this state, as defined in s. 71.22 (1r), and subject to the
2 limitations provided under subd. 47. d., dm., and e., the shareholder's distributive
3 share of the entity's net income or loss as determined under this chapter, including
4 interest income from federal, state, and municipal government obligations,
5 multiplied by the apportionment fraction determined in s. 71.25 (6m) and subject to
6 s. 71.25 (9) or by separate accounting. No amounts subtracted under this subdivision
7 may be included in the modification under par. (b) 9. or 9m.

8 **SECTION 17.** 71.05 (6) (b) 47. dm. of the statutes is created to read:

9 71.05 (6) (b) 47. dm. No person may claim a deduction under this subdivision
10 for taxable years beginning after December 31, 2013, except that a claimant who is
11 first eligible to claim a deduction under this subdivision for a taxable year beginning
12 after December 31, 2012, and before January 1, 2014, may claim the deduction the
13 following taxable year.

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

16 **SECTION 19.** 71.05 (8) (b) 2. of the statutes is created to read:

17 71.05 (8) (b) 2. The taxpayer need not make the offset against Wisconsin
18 modified taxable income of the 2 years preceding the loss, as provided under subd.
19 1., if the taxpayer chooses not to carry back the net operating loss to the 2 years
20 preceding the loss.

21 **SECTION 20.** 71.05 (8) (c) of the statutes is created to read:

22 71.05 (8) (c) The department shall not pay interest on any overpayment that
23 results from the carry-back of a net operating loss.

24 **SECTION 21.** 71.06 (1q) (a) of the statutes, as created by 2013 Wisconsin Act 20,
25 is amended to read:

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

3 **SECTION 22.** 71.06 (2) (i) 1. of the statutes, as created by 2013 Wisconsin Act
4 20, is amended to read:

5 71.06 (2) (i) 1. On all taxable income from \$0 to \$10,000, 4.40 percent, except
6 that for taxable years beginning after December 31, 2013, 4.0 percent.

7 **SECTION 23.** 71.06 (2) (j) 1. of the statutes, as created by 2013 Wisconsin Act
8 20, is amended to read:

9 71.06 (2) (j) 1. On all taxable income from \$0 to \$5,000, 4.40 percent, except that
10 for taxable years beginning after December 31, 2013, 4.0 percent.

11 **SECTION 24.** 71.07 (5i) (c) 3. of the statutes is created to read:

12 71.07 (5i) (c) 3. No credit may be claimed under this subsection based on an
13 amount paid under par. (b) after December 31, 2013.

14 **SECTION 25.** 71.28 (5i) (c) 3. of the statutes is created to read:

15 71.28 (5i) (c) 3. No credit may be claimed under this subsection based on an
16 amount paid under par. (b) after December 31, 2013.

17 **SECTION 26.** 71.28 (9s) (d) 3. of the statutes, as created by 2013 Wisconsin Act
18 20, is amended to read:

19 71.28 (9s) (d) 3. No credit may be claimed under this subsection for taxable
20 years beginning after December 31, 2013. ~~Credits under this subsection for taxable~~
21 ~~years that begin before January 1, 2014, may be carried forward to taxable years that~~
22 ~~begin after December 31, 2013, except that a claimant who is first eligible to claim~~
23 ~~a credit under this subsection for taxable years beginning after December 31, 2012,~~
24 ~~and before January 1, 2014, may claim the credit in the following taxable year.~~

25 **SECTION 27.** 71.47 (5i) (c) 3. of the statutes is created to read:

1 71.47 (5i) (c) 3. No credit may be claimed under this subsection based on an
2 amount paid under par. (b) after December 31, 2013.

3 **SECTION 28.** 71.47 (9s) (d) 3. of the statutes, as created by 2013 Wisconsin Act
4 20, is amended to read:

5 71.47 (9s) (d) 3. No credit may be claimed under this subsection for taxable
6 years beginning after December 31, 2013. ~~Credits under this subsection for taxable~~
7 ~~years that begin before January 1, 2014, may be carried forward to taxable years that~~
8 ~~begin after December 31, 2013, except that a claimant who is first eligible to claim~~
9 a credit under this subsection for taxable years beginning after December 31, 2012,
10 and before January 1, 2014, may claim the credit in the following taxable year.

11 **SECTION 29.** 71.52 (6) of the statutes is amended to read:

12 71.52 (6) “Income” means the sum of Wisconsin adjusted gross income and the
13 following amounts, to the extent not included in Wisconsin adjusted gross income:
14 maintenance payments (except foster care maintenance and supplementary
15 payments excludable under section 131 of the internal revenue code), support money,
16 cash public assistance (not including credit granted under this subchapter and
17 amounts under s. 46.27), cash benefits paid by counties under s. 59.53 (21), the gross
18 amount of any pension or annuity (including railroad retirement benefits, all
19 payments received under the federal social security act and veterans disability
20 pensions), nontaxable interest received from the federal government or any of its
21 instrumentalities, nontaxable interest received on state or municipal bonds,
22 worker’s compensation, unemployment insurance, the gross amount of “loss of time”
23 insurance, compensation and other cash benefits received from the United States for
24 past or present service in the armed forces, scholarship and fellowship gifts or
25 income, capital gains, gain on the sale of a personal residence excluded under section

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

1 **SECTION 30.** 71.64 (9) (b) 3. of the statutes is created to read:

2 71.64 **(9)** (b) 3. The department may not adjust the withholding tables
3 established in 2009 without the approval of the legislature.

4 **SECTION 31.** 77.54 (61) (intro.), (a) and (b) of the statutes, as created by 2013
5 Wisconsin Act 20, are amended to read:

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

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

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

20 **SECTION 32.** 77.54 (61) (c) of the statutes is created to read:

21 77.54 **(61)** (c) In this subsection:

22 1. “Postpress activities” include paper bronzing, die-cutting, edging,
23 embossing, folding, gilding, gluing, and indexing.

24 2. “Prepress activities” include making print-ready plates, typesetting, trade
25 binding, and sample mounting.

1 3. “Temporarily” means not more than 180 days.

2 **SECTION 33.** 79.15 of the statutes is amended to read:

3 **79.15 Improvements credit.** The total amount paid each year to
4 municipalities from the appropriation account under s. 20.835 (3) (b) for the
5 payments under s. 79.10 (5m) is \$75,000,000 in 2009, \$145,000,000 in 2010, and
6 \$150,000,000 in each year beginning in 2011 and ending in 2014, and \$650,000,000
7 in 2015 and in each year thereafter.

8 **SECTION 34.** 115.436 (2) (intro.) and (c) of the statutes are consolidated,
9 renumbered 115.436 (2) and amended to read:

10 115.436 (2) A school district is eligible for sparsity aid under this section if it
11 satisfies all of the following criteria: (c) ~~The~~ the school district’s membership in the
12 previous school year divided by the school district’s area in square miles is less than
13 10.

14 **SECTION 35.** 115.436 (2) (a) and (b) of the statutes are repealed.

15 **SECTION 36.** 115.436 (3) (a) of the statutes is amended to read:

16 115.436 (3) (a) Beginning in the 2009–10 school year, from the appropriation
17 under s. 20.255 (2) (ae) and subject to ~~par.~~ pars. (am) and (b), the department shall
18 pay to each school district eligible for sparsity aid \$300 multiplied by the
19 membership in the previous school year.

20 **SECTION 37.** 115.436 (3) (am) of the statutes is created to read:

21 115.436 (3) (am) Beginning in the 2014–15 school year, the department may
22 not pay an eligible school district more than \$217,500 under par. (a) in a school year
23 if the school district’s membership in the previous school year was 725 or more.

24 **SECTION 38.** 238.16 (3) (intro.) of the statutes, as affected by 2013 Wisconsin
25 Act 20, is amended to read:

1 238.16 (3) ELIGIBILITY FOR TAX BENEFITS. (intro.) A person certified under sub.
2 (2) may receive tax benefits under this section if, in each year for which the person
3 claims tax benefits under this section, the person increases net employment in this
4 state in the person's business above the net employment in this state in the person's
5 business during the year before the person was certified under sub. (2), as
6 determined by the corporation under its policies and procedures, and one of the
7 following applies:

8 **SECTION 9201. Fiscal changes; Administration.**

9 (1) TRANSFER TO BUDGET STABILIZATION FUND. Notwithstanding the amounts that
10 are required to be transferred from the general fund to the budget stabilization fund
11 during the 2013–15 fiscal biennium under section 16.518 (3) of the statutes, an
12 amount equal to \$216,392,000 shall be transferred from the general fund to the
13 budget stabilization fund during the 2013–14 fiscal year and an amount equal to
14 \$18,327,600 shall be transferred from the general fund to the budget stabilization
15 fund during the 2014–15 fiscal year.

16 **SECTION 9234. Fiscal changes; Public Instruction.**

17 (1) ADDITIONAL SPECIAL EDUCATION AID. In the schedule under section 20.005 (3)
18 of the statutes for the appropriation to the department of public instruction under
19 section 20.255 (2) (bd) of the statutes, as affected by the acts of 2013, the dollar
20 amount is increased by \$2,300,000 for the second fiscal year of the fiscal biennium
21 in which this subsection takes effect for the purpose for which the appropriation is
22 made.

23 (2) ACHIEVEMENT GUARANTEE CONTRACTS. In the schedule under section 20.005
24 (3) of the statutes for the appropriation to the department of public instruction under
25 section 20.255 (2) (cu) of the statutes, as affected by the acts of 2013, the dollar

1 amount is increased by \$10,900,000 for the second fiscal year of the fiscal biennium
2 in which this subsection takes effect for the purpose for which the appropriation is
3 made.

4 (3) SPARSITY AID. In the schedule under section 20.005 (3) of the statutes for the
5 appropriation to the department of public instruction under section 20.255 (2) (ae)
6 of the statutes, as affected by the acts of 2013, the dollar amount is increased by
7 \$23,340,000 for the second fiscal year of the fiscal biennium in which this subsection
8 takes effect for the purpose for which the appropriation is made.

9 **SECTION 9334. Initial applicability; Public Instruction.**

10 (1) SPARSITY AID. The treatment of sections 115.436 (2) (intro.), (a), (b), and (c)
11 of the statutes first applies to sparsity aid provided in the 2014–15 school year.

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

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

15 (2) CARRY-BACKS.

16 (a) The renumbering of section 71.05 (8) (b) of the statutes and the creation of
17 section 71.05 (8) (b) 2. of the statutes first apply to taxable years beginning on
18 January 1, 2014.

19 (b) The treatment of section 71.52 (6) of the statutes first applies retroactively
20 to taxable years beginning on January 1, 2012.

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

23 **SECTION 9400. Effective dates; general.** Except as otherwise provided in
24 SECTIONS 9401 to 9452 of this act, this act takes effect on the day after publication.

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

