



2007 ASSEMBLY BILL 540

October 16, 2007 - Introduced by Representatives HONADEL, FIELDS, JESKEWITZ, KERKMAN, LEMAHIEU, MURSAU, MURTHA, NYGREN, A. OTT, PRIDEMORE, SINICKI, TOWNSEND, TURNER and ZIEGELBAUER, cosponsored by Senators PLALE, DARLING, SULLIVAN, OLSEN, ROESSLER and SCHULTZ. Referred to Committee on Jobs and The Economy.

1 **AN ACT to amend** 71.05 (6) (a) 15., 71.21 (4), 71.26 (2) (a), 71.34 (1) (g), 71.45 (2)
2 (a) 10. and 77.92 (4); and **to create** 71.07 (5j), 71.10 (4) (cn), 71.28 (5j), 71.30 (3)
3 (df), 71.47 (5j) and 71.49 (1) (df) of the statutes; **relating to:** income and
4 franchise tax credits for technology training.

Analysis by the Legislative Reference Bureau

The bill provides income and franchise tax credits for amounts that the taxpayer paid in the taxable year to provide technology training to an individual who is the taxpayer's employee in this state or who will be the taxpayer's employee in this state after completing the training. Under the bill, "technology training" is training directly related to vehicle technologies, including design, frame, internal combustion engine, and casting technologies.

For further information see the **state** fiscal estimate, which will be printed as an appendix to this bill.

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

5 **SECTION 1.** 71.05 (6) (a) 15. of the statutes is amended to read:
6 71.05 (6) (a) 15. The amount of the credits computed under s. 71.07 (2dd), (2de),
7 (2di), (2dj), (2dL), (2dm), (2dr), (2ds), (2dx), (3g), (3n), (3s), (3t), (3w), (5b), (5d), and

ASSEMBLY BILL 540

1 (5e), (5f), ~~and (5h)~~, and (5j) and not passed through by a partnership, limited liability
2 company, or tax-option corporation that has added that amount to the partnership's,
3 company's, or tax-option corporation's income under s. 71.21 (4) or 71.34 (1) (g).

4 **SECTION 2.** 71.07 (5j) of the statutes is created to read:

5 71.07 **(5j)** TECHNOLOGY TRAINING CREDIT. (a) *Definitions.* In this subsection:

6 1. "Claimant" means a person who files a claim under this subsection.

7 2. "Frame" includes:

8 a. Every part of a motorcycle, except the tires.

9 b. In the case of a truck, the control system and the fuel and drive train,
10 excluding any comfort features located in the cab or the tires.

11 c. In the case of a generator, the control modules, fuel train, fuel scrubbing
12 process, fuel mixers, generator, heat exchangers, exhaust train, and similar
13 components.

14 3. "Internal combustion engine" includes substitute products such as fuel cell,
15 electric, and hybrid drives.

16 4. "Technology training" means training conducted at the claimant's place of
17 business in all of the following areas directly related to vehicle technologies,
18 including design, frame, internal combustion engine, and casting technologies,
19 regardless of whether the training is provided by the claimant, the original
20 equipment manufacturer, or another person and regardless of whether the training
21 is provided in person or by other means:

22 a. New technology.

23 b. Safety and compliance.

24 c. Technology and professional development.

25 d. Proficiency.

ASSEMBLY BILL 540

1 5. “Vehicle” means any vehicle or frame, including parts, accessories, and
2 component technologies, in which or on which an engine is mounted for use in mobile
3 or stationary applications. “Vehicle” includes any truck, tractor, motorcycle,
4 snowmobile, all-terrain vehicle, boat, personal watercraft, generator, construction
5 equipment, lawn and garden maintenance equipment, automobile, van, sports
6 utility vehicle, motor home, bus, or aircraft.

7 (b) *Filing claims.* Subject to the limitations provided in this subsection, a
8 claimant may claim as a credit against the tax imposed under s. 71.02, up to the
9 amount of the tax, the amount that the claimant paid in the taxable year for
10 technology training, including wages, if the individual receiving the training is the
11 claimant’s employee in this state or will be the claimant’s employee in this state after
12 completing the training.

13 (c) *Limitations.* 1. For the first taxable year for which a claimant pays an
14 amount under par. (b) to train an individual, the maximum amount that the claimant
15 may claim under par. (b) for training that individual is \$3,000 for the taxable year.
16 For the 2nd and every subsequent taxable year for which the claimant pays an
17 amount under par. (b) to train the same individual, the maximum amount that the
18 claimant may claim under par. (b) for training that individual is \$1,350 for the
19 taxable year.

20 2. No claimant may receive a credit under this subsection unless the individual
21 who receives the technology training receives at least 30 hours of such training in the
22 first taxable year for which the claimant claims a credit under this subsection and
23 at least 20 hours of such training in the 2nd and every subsequent taxable year for
24 which the claimant claims a credit under this subsection.

ASSEMBLY BILL 540

1 3. Partnerships, limited liability companies, and tax-option corporations may
2 not claim the credit under this subsection, but the eligibility for, and the amount of,
3 the credit are based on their payment of amounts under par. (b). A partnership,
4 limited liability company, or tax-option corporation shall compute the amount of
5 credit that each of its partners, members, or shareholders may claim and shall
6 provide that information to each of them. Partners, members of limited liability
7 companies, and shareholders of tax-option corporations may claim the credit in
8 proportion to their ownership interests.

9 (d) *Administration.* Section 71.28 (4) (e) to (h), as it applies to the credit under
10 s. 71.28 (4), applies to the credit under this subsection.

11 **SECTION 3.** 71.10 (4) (cn) of the statutes is created to read:

12 71.10 (4) (cn) Technology training credit under s. 71.07 (5j).

13 **SECTION 4.** 71.21 (4) of the statutes is amended to read:

14 71.21 (4) Credits computed by a partnership under s. 71.07 (2dd), (2de), (2di),
15 (2dj), (2dL), (2dm), (2ds), (2dx), (3g), (3n), (3s), (3t), (3w), (5b), (5e), (5f), (5g), and (5h),
16 and (5j) and passed through to partners shall be added to the partnership's income.

17 **SECTION 5.** 71.26 (2) (a) of the statutes is amended to read:

18 71.26 (2) (a) *Corporations in general.* The "net income" of a corporation means
19 the gross income as computed under the Internal Revenue Code as modified under
20 sub. (3) minus the amount of recapture under s. 71.28 (1di) plus the amount of credit
21 computed under s. 71.28 (1), (3), (4), and (5) minus, as provided under s. 71.28 (3) (c)
22 7., the amount of the credit under s. 71.28 (3) that the taxpayer added to income
23 under this paragraph at the time that the taxpayer first claimed the credit plus the
24 amount of the credit computed under s. 71.28 (1dd), (1de), (1di), (1dj), (1dL), (1dm),
25 (1ds), (1dx), (3g), (3n), (3t), (3w), (5b), (5e), (5f), (5g), ~~and (5h)~~, and (5j) and not passed

ASSEMBLY BILL 540

1 through by a partnership, limited liability company, or tax-option corporation that
2 has added that amount to the partnership's, limited liability company's, or
3 tax-option corporation's income under s. 71.21 (4) or 71.34 (1) (g) plus the amount
4 of losses from the sale or other disposition of assets the gain from which would be
5 wholly exempt income, as defined in sub. (3) (L), if the assets were sold or otherwise
6 disposed of at a gain and minus deductions, as computed under the Internal Revenue
7 Code as modified under sub. (3), plus or minus, as appropriate, an amount equal to
8 the difference between the federal basis and Wisconsin basis of any asset sold,
9 exchanged, abandoned, or otherwise disposed of in a taxable transaction during the
10 taxable year, except as provided in par. (b) and s. 71.45 (2) and (5).

11 **SECTION 6.** 71.28 (5j) of the statutes is created to read:

12 71.28 (5j) TECHNOLOGY TRAINING CREDIT. (a) *Definitions.* In this subsection:

13 1. "Claimant" means a person who files a claim under this subsection.

14 2. "Frame" includes:

15 a. Every part of a motorcycle, except the tires.

16 b. In the case of a truck, the control system and the fuel and drive train,
17 excluding any comfort features located in the cab or the tires.

18 c. In the case of a generator, the control modules, fuel train, fuel scrubbing
19 process, fuel mixers, generator, heat exchangers, exhaust train, and similar
20 components.

21 3. "Internal combustion engine" includes substitute products such as fuel cell,
22 electric, and hybrid drives.

23 4. "Technology training" means training conducted at the claimant's place of
24 business in all of the following areas directly related to vehicle technologies,
25 including design, frame, internal combustion engine, and casting technologies,

ASSEMBLY BILL 540

1 regardless of whether the training is provided by the claimant, the original
2 equipment manufacturer, or another person and regardless of whether the training
3 is provided in person or by other means:

4 a. New technology.

5 b. Safety and compliance.

6 c. Technology and professional development.

7 d. Proficiency.

8 5. “Vehicle” means any vehicle or frame, including parts, accessories, and
9 component technologies, in which or on which an engine is mounted for use in mobile
10 or stationary applications. “Vehicle” includes any truck, tractor, motorcycle,
11 snowmobile, all-terrain vehicle, boat, personal watercraft, generator, construction
12 equipment, lawn and garden maintenance equipment, automobile, van, sports
13 utility vehicle, motor home, bus, or aircraft.

14 (b) *Filing claims.* Subject to the limitations provided in this subsection, a
15 claimant may claim as a credit against the tax imposed under s. 71.23, up to the
16 amount of the tax, the amount that the claimant paid in the taxable year for
17 technology training, including wages, if the individual receiving the training is the
18 claimant’s employee in this state or will be the claimant’s employee in this state after
19 completing the training.

20 (c) *Limitations.* 1. For the first taxable year for which a claimant pays an
21 amount under par. (b) to train an individual, the maximum amount that the claimant
22 may claim under par. (b) for training that individual is \$3,000 for the taxable year.
23 For the 2nd and every subsequent taxable year for which the claimant pays an
24 amount under par. (b) to train the same individual, the maximum amount that the

ASSEMBLY BILL 540

1 claimant may claim under par. (b) for training that individual is \$1,350 for the
2 taxable year.

3 2. No claimant may receive a credit under this subsection unless the individual
4 who receives the technology training receives at least 30 hours of such training in the
5 first taxable year for which the claimant claims a credit under this subsection and
6 at least 20 hours of such training in the 2nd and every subsequent taxable year for
7 which the claimant claims a credit under this subsection.

8 3. Partnerships, limited liability companies, and tax-option corporations may
9 not claim the credit under this subsection, but the eligibility for, and the amount of,
10 the credit are based on their payment of amounts under par. (b). A partnership,
11 limited liability company, or tax-option corporation shall compute the amount of
12 credit that each of its partners, members, or shareholders may claim and shall
13 provide that information to each of them. Partners, members of limited liability
14 companies, and shareholders of tax-option corporations may claim the credit in
15 proportion to their ownership interests.

16 (d) *Administration.* Subsection (4) (e) to (h), as it applies to the credit under
17 sub. (4), applies to the credit under this subsection.

18 **SECTION 7.** 71.30 (3) (df) of the statutes is created to read:

19 71.30 (3) (df) Technology training credit under s. 71.28 (5j).

20 **SECTION 8.** 71.34 (1) (g) of the statutes is amended to read:

21 71.34 (1) (g) An addition shall be made for credits computed by a tax-option
22 corporation under s. 71.28 (1dd), (1de), (1di), (1dj), (1dL), (1dm), (1ds), (1dx), (3), (3g),
23 (3n), (3t), (3w), (5b), (5e), (5f), (5g), and (5h), and (5j) and passed through to
24 shareholders.

25 **SECTION 9.** 71.45 (2) (a) 10. of the statutes is amended to read:

ASSEMBLY BILL 540**SECTION 9**

1 71.45 (2) (a) 10. By adding to federal taxable income the amount of credit
2 computed under s. 71.47 (1dd) to (1dx), (3n), (3w), (5b), (5e), (5f), (5g), and (5h), and
3 (5j) and not passed through by a partnership, limited liability company, or tax-option
4 corporation that has added that amount to the partnership's, limited liability
5 company's, or tax-option corporation's income under s. 71.21 (4) or 71.34 (1) (g) and
6 the amount of credit computed under s. 71.47 (1), (3), (3t), (4), and (5).

7 **SECTION 10.** 71.47 (5j) of the statutes is created to read:

8 71.47 (5j) TECHNOLOGY TRAINING CREDIT. (a) *Definitions.* In this subsection:

9 1. "Claimant" means a person who files a claim under this subsection.

10 2. "Frame" includes:

11 a. Every part of a motorcycle, except the tires.

12 b. In the case of a truck, the control system and the fuel and drive train,
13 excluding any comfort features located in the cab or the tires.

14 c. In the case of a generator, the control modules, fuel train, fuel scrubbing
15 process, fuel mixers, generator, heat exchangers, exhaust train, and similar
16 components.

17 3. "Internal combustion engine" includes substitute products such as fuel cell,
18 electric, and hybrid drives.

19 4. "Technology training" means training conducted at the claimant's place of
20 business in all of the following areas directly related to vehicle technologies,
21 including design, frame, internal combustion engine, and casting technologies,
22 regardless of whether the training is provided by the claimant, the original
23 equipment manufacturer, or another person and regardless of whether the training
24 is provided in person or by other means:

25 a. New technology.

ASSEMBLY BILL 540

1 b. Safety and compliance.

2 c. Technology and professional development.

3 d. Proficiency.

4 5. "Vehicle" means any vehicle or frame, including parts, accessories, and
5 component technologies, in which or on which an engine is mounted for use in mobile
6 or stationary applications. "Vehicle" includes any truck, tractor, motorcycle,
7 snowmobile, all-terrain vehicle, boat, personal watercraft, generator, construction
8 equipment, lawn and garden maintenance equipment, automobile, van, sports
9 utility vehicle, motor home, bus, or aircraft.

10 (b) *Filing claims.* Subject to the limitations provided in this subsection, a
11 claimant may claim as a credit against the tax imposed under s. 71.43, up to the
12 amount of the tax, the amount that the claimant paid in the taxable year for
13 technology training, including wages, if the individual receiving the training is the
14 claimant's employee in this state or will be the claimant's employee in this state after
15 completing the training.

16 (c) *Limitations.* 1. For the first taxable year for which a claimant pays an
17 amount under par. (b) to train an individual, the maximum amount that the claimant
18 may claim under par. (b) for training that individual is \$3,000 for the taxable year.
19 For the 2nd and every subsequent taxable year for which the claimant pays an
20 amount under par. (b) to train the same individual, the maximum amount that the
21 claimant may claim under par. (b) for training that individual is \$1,350 for the
22 taxable year.

23 2. No claimant may receive a credit under this subsection unless the individual
24 who receives the technology training receives at least 30 hours of such training in the
25 first taxable year for which the claimant claims a credit under this subsection and

ASSEMBLY BILL 540

1 at least 20 hours of such training in the 2nd and every subsequent taxable year for
2 which the claimant claims a credit under this subsection.

3 3. Partnerships, limited liability companies, and tax-option corporations may
4 not claim the credit under this subsection, but the eligibility for, and the amount of,
5 the credit are based on their payment of amounts under par. (b). A partnership,
6 limited liability company, or tax-option corporation shall compute the amount of
7 credit that each of its partners, members, or shareholders may claim and shall
8 provide that information to each of them. Partners, members of limited liability
9 companies, and shareholders of tax-option corporations may claim the credit in
10 proportion to their ownership interests.

11 (d) *Administration.* Section 71.28 (4) (e) to (h), as it applies to the credit under
12 s. 71.28 (4), applies to the credit under this subsection.

13 **SECTION 11.** 71.49 (1) (df) of the statutes is created to read:

14 71.49 (1) (df) Technology training credit under s. 71.47 (5j).

15 **SECTION 12.** 77.92 (4) of the statutes is amended to read:

16 77.92 (4) “Net business income,” with respect to a partnership, means taxable
17 income as calculated under section 703 of the Internal Revenue Code; plus the items
18 of income and gain under section 702 of the Internal Revenue Code, including taxable
19 state and municipal bond interest and excluding nontaxable interest income or
20 dividend income from federal government obligations; minus the items of loss and
21 deduction under section 702 of the Internal Revenue Code, except items that are not
22 deductible under s. 71.21; plus guaranteed payments to partners under section 707
23 (c) of the Internal Revenue Code; plus the credits claimed under s. 71.07 (2dd), (2de),
24 (2di), (2dj), (2dL), (2dm), (2dr), (2ds), (2dx), (3g), (3s), (3n), (3t), (3w), (5b), (5e), (5f),
25 (5g), ~~and (5h), and (5j)~~; and plus or minus, as appropriate, transitional adjustments,

ASSEMBLY BILL 540

1 depreciation differences, and basis differences under s. 71.05 (13), (15), (16), (17), and
2 (19); but excluding income, gain, loss, and deductions from farming. “Net business
3 income,” with respect to a natural person, estate, or trust, means profit from a trade
4 or business for federal income tax purposes and includes net income derived as an
5 employee as defined in section 3121 (d) (3) of the Internal Revenue Code.

6 **SECTION 13. Initial applicability.**

7 (1) This act first applies to taxable years beginning on January 1 of the year
8 in which this subsection takes effect, except that if this subsection takes effect after
9 July 31 this act first applies to taxable years beginning on January 1 of the year
10 following the year in which this subsection takes effect.

11

(END)