



2009 ASSEMBLY BILL 868

March 19, 2010 - Introduced by Representatives BIES, MURSAU, NYGREN, ZIEGELBAUER, BROOKS, LEMAHIEU, SPANBAUER and TOWNSEND, cosponsored by Senator A. LASEE. Referred to Joint Committee on Finance.

1 **AN ACT to amend** 71.05 (6) (a) 15., 71.21 (4), 71.26 (2) (a) 4., 71.34 (1k) (g), 71.45
2 (2) (a) 10. and 77.92 (4); and **to create** 71.07 (5n), 71.10 (4) (cd), 71.28 (5n), 71.30
3 (3) (cd), 71.47 (5n) and 71.49 (1) (cd) of the statutes; **relating to:** an income and
4 franchise tax credit for shipbuilding.

Analysis by the Legislative Reference Bureau

Under this bill, a person may claim an income and franchise tax credit equal to 10 percent of the person's payroll that is paid to employees engaged in shipbuilding in this state, except that the person may claim an amount equal to 30 percent of the person's payroll paid to new employees engaged in shipbuilding in this state.

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, as affected by 2009 Wisconsin Act
6 28, is amended to read:

7 71.05 (6) (a) 15. The amount of the credits computed under s. 71.07 (2dd), (2de),
8 (2di), (2dj), (2dL), (2dm), (2dr), (2ds), (2dx), (2dy), (3g), (3h), (3n), (3p), (3q), (3r), (3s),

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1 (3t), (3w), (5e), (5f), (5h), (5i), (5j), (5k), (5n), and (8r) and not passed through by a
2 partnership, limited liability company, or tax-option corporation that has added that
3 amount to the partnership's, company's, or tax-option corporation's income under s.
4 71.21 (4) or 71.34 (1k) (g).

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

6 71.07 **(5n)** SHIPBUILDING CREDIT. (a) *Definitions.* In this subsection, “claimant”
7 means a person who files a claim under this subsection.

8 (b) *Filing claims.* Subject to the limitations provided in this subsection, a
9 claimant may claim as a credit against the tax imposed under s. 71.02, up to the
10 amount of the tax, an amount equal to 10 percent of the claimant's payroll in the
11 taxable year for the claimant's employees who are engaged in the business of
12 building ships in this state, except that the claimant may claim an amount equal to
13 30 percent of the claimant's payroll in the taxable year for the claimant's employees
14 who are engaged in the business of building ships in this state and who are hired in
15 the taxable year for which the claim relates.

16 (c) *Limitations.* Partnerships, limited liability companies, and tax-option
17 corporations may not claim the credit under this subsection, but the eligibility for,
18 and the amount of, the credit are based on their payment of amounts under par. (b).
19 A partnership, limited liability company, or tax-option corporation shall compute
20 the amount of credit that each of its partners, members, or shareholders may claim
21 and shall provide that information to each of them. Partners, members of limited
22 liability companies, and shareholders of tax-option corporations may claim the
23 credit in proportion to their ownership interests.

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

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

2 71.10 (4) (cd) Shipbuilding credit under s. 71.07 (5n).

3 **SECTION 4.** 71.21 (4) of the statutes, as affected by 2009 Wisconsin Act 28, is
4 amended to read:

5 71.21 (4) Credits computed by a partnership under s. 71.07 (2dd), (2de), (2di),
6 (2dj), (2dL), (2dm), (2ds), (2dx), (2dy), (3g), (3h), (3n), (3p), (3q), (3r), (3s), (3t), (3w),
7 (5e), (5f), (5g), (5h), (5i), (5j), (5k), (5n), and (8r) and passed through to partners shall
8 be added to the partnership's income.

9 **SECTION 5.** 71.26 (2) (a) 4. of the statutes, as affected by 2009 Wisconsin Act 28,
10 is amended to read:

11 71.26 (2) (a) 4. Plus the amount of the credit computed under s. 71.28 (1dd),
12 (1de), (1di), (1dj), (1dL), (1dm), (1ds), (1dx), (1dy), (3g), (3h), (3n), (3p), (3q), (3r), (3t),
13 (3w), (5e), (5f), (5g), (5h), (5i), (5j), (5k), (5n), and (8r) and not passed through by a
14 partnership, limited liability company, or tax-option corporation that has added that
15 amount to the partnership's, limited liability company's, or tax-option corporation's
16 income under s. 71.21 (4) or 71.34 (1k) (g).

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

18 71.28 (5n) SHIPBUILDING CREDIT. (a) *Definitions.* In this subsection, "claimant"
19 means a person who files a claim under this subsection.

20 (b) *Filing claims.* Subject to the limitations provided in this subsection, a
21 claimant may claim as a credit against the tax imposed under s. 71.23, up to the
22 amount of the tax, an amount equal to 10 percent of the claimant's payroll in the
23 taxable year for the claimant's employees who are engaged in the business of
24 building ships in this state, except that the claimant may claim an amount equal to
25 30 percent of the claimant's payroll in the taxable year for the claimant's employees

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1 who are engaged in the business of building ships in this state and who are hired in
2 the taxable year for which the claim relates.

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

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

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

14 71.30 (3) (cd) Shipbuilding credit under s. 71.28 (5n).

15 **SECTION 8.** 71.34 (1k) (g) of the statutes, as affected by 2009 Wisconsin Act 28,
16 is amended to read:

17 71.34 (1k) (g) An addition shall be made for credits computed by a tax-option
18 corporation under s. 71.28 (1dd), (1de), (1di), (1dj), (1dL), (1dm), (1ds), (1dx), (1dy),
19 (3), (3g), (3h), (3n), (3p), (3q), (3r), (3t), (3w), (5e), (5f), (5g), (5h), (5i), (5j), (5k), (5n),
20 and (8r) and passed through to shareholders.

21 **SECTION 9.** 71.45 (2) (a) 10. of the statutes, as affected by 2009 Wisconsin Act
22 28, is amended to read:

23 71.45 (2) (a) 10. By adding to federal taxable income the amount of credit
24 computed under s. 71.47 (1dd) to (1dy), (3g), (3h), (3n), (3p), (3q), (3r), (3w), (5e), (5f),
25 (5g), (5h), (5i), (5j), (5k), (5n), and (8r) and not passed through by a partnership,

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1 limited liability company, or tax-option corporation that has added that amount to
2 the partnership's, limited liability company's, or tax-option corporation's income
3 under s. 71.21 (4) or 71.34 (1k) (g) and the amount of credit computed under s. 71.47
4 (1), (3), (3t), (4), (4m), and (5).

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

6 71.47 (5n) SHIPBUILDING CREDIT. (a) *Definitions.* In this subsection, "claimant"
7 means a person who files a claim under this subsection.

8 (b) *Filing claims.* Subject to the limitations provided in this subsection, a
9 claimant may claim as a credit against the tax imposed under s. 71.43, up to the
10 amount of the tax, an amount equal to 10 percent of the claimant's payroll in the
11 taxable year for the claimant's employees who are engaged in the business of
12 building ships in this state, except that the claimant may claim an amount equal to
13 30 percent of the claimant's payroll in the taxable year for the claimant's employees
14 who are engaged in the business of building ships in this state and who are hired in
15 the taxable year for which the claim relates.

16 (c) *Limitations.* Partnerships, limited liability companies, and tax-option
17 corporations may not claim the credit under this subsection, but the eligibility for,
18 and the amount of, the credit are based on their payment of amounts under par. (b).
19 A partnership, limited liability company, or tax-option corporation shall compute
20 the amount of credit that each of its partners, members, or shareholders may claim
21 and shall provide that information to each of them. Partners, members of limited
22 liability companies, and shareholders of tax-option corporations may claim the
23 credit in proportion to their ownership interests.

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

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

2 71.49 (1) (cd) Shipbuilding credit under s. 71.47 (5n).

3 **SECTION 12.** 77.92 (4) of the statutes, as affected by 2009 Wisconsin Act 28, is
4 amended to read:

5 77.92 (4) “Net business income,” with respect to a partnership, means taxable
6 income as calculated under section 703 of the Internal Revenue Code; plus the items
7 of income and gain under section 702 of the Internal Revenue Code, including taxable
8 state and municipal bond interest and excluding nontaxable interest income or
9 dividend income from federal government obligations; minus the items of loss and
10 deduction under section 702 of the Internal Revenue Code, except items that are not
11 deductible under s. 71.21; plus guaranteed payments to partners under section 707
12 (c) of the Internal Revenue Code; plus the credits claimed under s. 71.07 (2dd), (2de),
13 (2di), (2dj), (2dL), (2dm), (2dr), (2ds), (2dx), (2dy), (3g), (3h), (3n), (3p), (3q), (3r), (3s),
14 (3t), (3w), (5e), (5f), (5g), (5h), (5i), (5j), (5k), (5n), 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); but excluding income, gain,
17 loss, and deductions from farming. “Net business income,” with respect to a natural
18 person, estate, or trust, means profit from a trade or business for federal income tax
19 purposes and includes net income derived as an employee as defined in section 3121
20 (d) (3) of the Internal Revenue Code.

21 **SECTION 13. Initial applicability.**

22 (1) This act first applies to taxable years beginning on January 1 of the year
23 in which this subsection takes effect, except that if this subsection takes effect after

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1 July 31 this act first applies to taxable years beginning on January 1 of the year
2 following the year in which this subsection takes effect.

3 (END)