



1997 ASSEMBLY BILL 293

April 17, 1997 - Introduced by Representatives MUSSER, FREESE, RYBA, SERATTI, KREIBICH, DOBYNS, TURNER, GREEN, BOYLE, HUEBSCH, ZUKOWSKI, KAUFERT, PLALE, OWENS, HASENOHRL, OTT, GOETSCH, RILEY and LORGE, cosponsored by Senators WIRCH, BRESKE, WELCH, CLAUSING, BUETTNER and ZIEN. Referred to Committee on Ways and Means.

1 **AN ACT to amend** 71.05 (6) (a) 15., 71.08 (1) (intro.), 71.10 (4) (i), 71.21 (4), 71.26
2 (2) (a), 71.30 (3) (f), 71.34 (1) (g), 71.45 (2) (a) 10., 71.49 (1) (f) and 77.92 (4); and
3 **to create** 20.835 (2) (a), 71.07 (5dv), 71.28 (5dv) and 71.47 (5dv) of the statutes;
4 **relating to:** creating an income tax credit and franchise tax credit for hiring
5 disabled veterans and making an appropriation.

Analysis by the Legislative Reference Bureau

This bill creates an income tax and franchise tax credit for businesses that hire disabled veterans. Sole proprietorships, corporations and insurers may claim the credit. Partnerships, limited liability companies and tax-option corporations compute the credit but pass it on to the partners, members and shareholders in proportion to their ownership interests. The credit, in respect to each disabled veteran who is hired after the bill becomes law, is the veteran's percentage of disability multiplied by the wages or salary paid to the veteran. The credit is refundable (a check will be issued by the state if it exceeds the business' tax liability). The credit is added to the taxpayer's income so that the taxpayer does not get both a business expense deduction and a credit for the wages and salaries paid.

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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:

1 **SECTION 1.** 20.835 (2) (a) of the statutes is created to read:

2 20.835 (2) (a) *Disabled veterans hiring credit.* A sum sufficient to make the
3 payments under ss. 71.07 (5dv) (c), 71.28 (5dv) (c) and 71.47 (5dv) (c).

4 **SECTION 2.** 71.05 (6) (a) 15. of the statutes is amended to read:

5 71.05 (6) (a) 15. The amount of the credits computed under s. 71.07 (2dd), (2de),
6 (2di), (2dj), (2dL), (2dr) and, (2ds) and (5dv) and not passed through by a partnership,
7 limited liability company or tax-option corporation that has added that amount to
8 the partnership's, company's or tax-option corporation's income under s. 71.21 (4) or
9 71.34 (1) (g).

10 **SECTION 3.** 71.07 (5dv) of the statutes is created to read:

11 71.07 (5dv) **DISABLED VETERANS HIRING CREDIT.** (a) In this subsection:

12 1. "Disabled veteran" means a person who is eligible for compensation under
13 38 USC 310.

14 2. "Percentage of disability" means the percentage determined under 38 USC
15 314 (a) to (j).

16 (b) Any person may claim as a credit against taxes due under this subchapter
17 an amount calculated as follows:

18 1. For each disabled veteran whom the person hires after the effective date of
19 this subdivision [revisor inserts date], determine the wages and salary paid.

20 2. Multiply the amount under subd. 1. by the disabled veteran's percentage of
21 disability.

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1 3. Add the amounts under subd. 2. for all disabled veterans.

2 (c) Except as provided in s. 71.80 (3) and (3m), if the allowable amount of the
3 claim under this subsection exceeds the amount of taxes due under this subchapter,
4 the allowable amount of the claim that is not used to offset taxes shall be certified
5 by the department of revenue to the department of administration for payment by
6 check, share draft or other draft drawn from the appropriation under s. 20.835 (2)
7 (a).

8 (d) 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 is based on their payment of wages and salaries. A partnership, limited
11 liability company or corporation shall compute the amount of credit that each of its
12 partners, members or shareholders may claim and shall provide that information to
13 each of them. Partners, members of limited liability companies and shareholders of
14 tax-option corporations may claim the credit in proportion to their ownership
15 interest.

16 (e) Section 71.28 (4) (g) and (h) as it relates to the credit under s. 71.28 (4)
17 relates to the credit under this subsection.

18 **SECTION 4.** 71.08 (1) (intro.) of the statutes is amended to read:

19 71.08 (1) IMPOSITION. (intro.) If the tax imposed on a natural person, married
20 couple filing jointly, trust or estate under s. 71.02, not considering the credits under
21 ss. 71.07 (1), (2dd), (2de), (2di), (2dj), (2dL), (2dr), (2ds), (2fd), (3m), (5dv), (6) and (9e),
22 71.28 (1dd), (1de), (1di), (1dj), (1dL), (1ds), (1fd) ~~and~~, (2m) and (5dv) and 71.47 (1dd),
23 (1de), (1di), (1dj), (1dL), (1ds), (1fd) ~~and~~, (2m) and (5dv) and subchs. VIII and IX and
24 payments to other states under s. 71.07 (7), is less than the tax under this section,

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1 there is imposed on that natural person, married couple filing jointly, trust or estate,
2 instead of the tax under s. 71.02, an alternative minimum tax computed as follows:

3 **SECTION 5.** 71.10 (4) (i) of the statutes is amended to read:

4 71.10 (4) (i) The total of claim of right credit under s. 71.07 (1), farmland
5 preservation credit under subch. IX, homestead credit under subch. VIII, farmland
6 tax relief credit under s. 71.07 (3m), farmers' drought property tax credit under s.
7 71.07 (2fd), earned income tax credit under s. 71.07 (9e), disabled veterans hiring
8 credit under s. 71.07 (5dv), estimated tax payments under s. 71.09, and taxes
9 withheld under subch. X.

10 **SECTION 6.** 71.21 (4) of the statutes is amended to read:

11 71.21 (4) Credits computed by a partnership under s. 71.07 (2dd), (2de), (2di),
12 (2dj), (2dL) ~~and~~, (2ds) and (5dv) and passed through to partners or members shall be
13 added to the partnership's or limited liability company's income.

14 **SECTION 7.** 71.26 (2) (a) of the statutes is amended to read:

15 71.26 (2) (a) *Corporations in general.* The "net income" of a corporation means
16 the gross income as computed under the internal revenue code as modified under
17 sub. (3) minus the amount of recapture under s. 71.28 (1di) plus the amount of credit
18 computed under s. 71.28 (1) and (3) to (5) plus the amount of the credit computed
19 under s. 71.28 (1dd), (1de), (1di), (1dj), (1dL) ~~and~~, (1ds) and (5dv) and not passed
20 through by a partnership, limited liability company or tax-option corporation that
21 has added that amount to the partnership's, limited liability company's or tax-option
22 corporation's income under s. 71.21 (4) or 71.34 (1) (g) plus the amount of losses from
23 the sale or other disposition of assets the gain from which would be wholly exempt
24 income, as defined in sub. (3) (L), if the assets were sold or otherwise disposed of at
25 a gain and minus deductions, as computed under the internal revenue code as

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1 modified under sub. (3), plus or minus, as appropriate, an amount equal to the
2 difference between the federal basis and Wisconsin basis of any asset sold,
3 exchanged, abandoned or otherwise disposed of in a taxable transaction during the
4 taxable year, except as provided in par. (b) and s. 71.45 (2) and (5).

5 **SECTION 8.** 71.28 (5dv) of the statutes is created to read:

6 71.28 (5dv) DISABLED VETERANS HIRING CREDIT. (a) In this subsection:

7 1. "Disabled veteran" means a person who is eligible for compensation under
8 38 USC 310.

9 2. "Percentage of disability" means the percentage determined under 38 USC
10 314 (a) to (j).

11 (b) Any person may claim as a credit against taxes due under this subchapter
12 an amount calculated as follows:

13 1. For each disabled veteran whom the person hires after the effective date of
14 this subdivision [revisor inserts date], determine the wages and salary paid.

15 2. Multiply the amount under subd. 1. by the disabled veteran's percentage of
16 disability.

17 3. Add the amounts under subd. 2. for all disabled veterans.

18 (c) If the allowable amount of the claim under this subsection exceeds the
19 amount of taxes due under this subchapter, the allowable amount of the claim that
20 is not used to offset taxes shall be certified by the department of revenue to the
21 department of administration for payment by check, share draft or other draft drawn
22 from the appropriation under s. 20.835 (2) (a).

23 (d) Partnerships, limited liability companies and tax-option corporations may
24 not claim the credit under this subsection, but the eligibility for, and the amount of,
25 the credit is based on their payment of wages and salaries. A partnership, limited

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1 liability company or corporation shall compute the amount of credit that each of its
2 partners, members or shareholders may claim and shall provide that information to
3 each of them. Partners, members of limited liability companies and shareholders of
4 tax-option corporations may claim the credit in proportion to their ownership
5 interest.

6 (e) Subsection (4) (g) and (h) as it relates to the credit under sub. (4) relates to
7 the credit under this subsection.

8 **SECTION 9.** 71.30 (3) (f) of the statutes is amended to read:

9 71.30 (3) (f) The total of farmers' drought property tax credit under s. 71.28
10 (1fd), farmland preservation credit under subch. IX, farmland tax relief credit under
11 s. 71.28 (2m), disabled veterans hiring credit under s. 71.28 (5dv) and estimated tax
12 payments under s. 71.29.

13 **SECTION 10.** 71.34 (1) (g) of the statutes is amended to read:

14 71.34 (1) (g) An addition shall be made for credits computed by a tax-option
15 corporation under s. 71.28 (1dd), (1de), (1di), (1dj), (1dL) and, (1ds) and (5dv) and
16 passed through to shareholders.

17 **SECTION 11.** 71.45 (2) (a) 10. of the statutes is amended to read:

18 71.45 (2) (a) 10. By adding to federal taxable income the amount of credit
19 computed under s. 71.47 (1dd) to (1ds) and (5dv) and not passed through by a
20 partnership, limited liability company or tax-option corporation that has added that
21 amount to the partnership's, limited liability company's or tax-option corporation's
22 income under s. 71.21 (4) or 71.34 (1) (g) and the amount of credit computed under
23 s. 71.47 (1), (3), (4) and (5).

24 **SECTION 12.** 71.47 (5dv) of the statutes is created to read:

25 71.47 (5dv) DISABLED VETERANS HIRING CREDIT. (a) In this subsection:

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1 1. "Disabled veteran" means a person who is eligible for compensation under
2 38 USC 310.

3 2. "Percentage of disability" means the percentage determined under 38 USC
4 314 (a) to (j).

5 (b) Any person may claim as a credit against taxes due under this subchapter
6 an amount calculated as follows:

7 1. For each disabled veteran whom the person hires after the effective date of
8 this subdivision ... [revisor inserts date], determine the wages and salary paid.

9 2. Multiply the amount under subd. 1. by the disabled veteran's percentage of
10 disability.

11 3. Add the amounts under subd. 2. for all disabled veterans.

12 (c) If the allowable amount of the claim under this subsection exceeds the
13 amount of taxes due under this subchapter, the allowable amount of the claim that
14 is not used to offset taxes shall be certified by the department of revenue to the
15 department of administration for payment by check, share draft or other draft drawn
16 from the appropriation under s. 20.835 (2) (a).

17 (d) Partnerships, limited liability companies and tax-option corporations may
18 not claim the credit under this subsection, but the eligibility for, and the amount of,
19 the credit is based on their payment of wages and salaries. A partnership, limited
20 liability company or corporation shall compute the amount of credit that each of its
21 partners, members or shareholders may claim and shall provide that information to
22 each of them. Partners, members of limited liability companies and shareholders of
23 tax-option corporations may claim the credit in proportion to their ownership
24 interest.

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1 (e) Section 71.28 (4) (g) and (h) as it relates to the credit under s. 71.28 (4)
2 relates to the credit under this subsection.

3 **SECTION 13.** 71.49 (1) (f) of the statutes is amended to read:

4 71.49 (1) (f) The total of farmers' drought property tax credit under s. 71.47
5 (1fd), farmland preservation credit under subch. IX, farmland tax relief credit under
6 s. 71.47 (2m), disabled veterans hiring credit under s. 71.47 (5dv) and estimated tax
7 payments under s. 71.48.

8 **SECTION 14.** 77.92 (4) of the statutes is amended to read:

9 77.92 (4) "Net business income", with respect to a partnership or limited
10 liability company, means taxable income as calculated under section 703 of the
11 internal revenue code; plus the items of income and gain under section 702 of the
12 internal revenue code; minus the items of loss and deduction under section 702 of the
13 internal revenue code; plus payments treated as not made to partners under section
14 707 (a) of the internal revenue code; plus the credits claimed under s. 71.07 (2dd),
15 (2de), (2di), (2dj), (2dL), (2dr) and, (2ds) and (5dv); but excluding income, gain, loss
16 and deductions from farming. "Net business income", with respect to a natural
17 person, estate or trust, means profit from a trade or business for federal income tax
18 purposes and includes net income derived as an employe as defined in section 3121
19 (d) (3) of the internal revenue code.

20 **SECTION 15. Initial applicability.**

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

25

(END)