

1999 ASSEMBLY BILL 81

February 2, 1999 – Introduced by Representatives MUSSER, HASENOHRL, POWERS, OWENS, PLALE, PETTIS, FREESE, TURNER, F. LASEE, HAHN, GUNDERSON, ALBERS, GOETSCH, PORTER and KREIBICH, cosponsored by Senators WIRCH, BRESKE, CLAUSING, DRZEWIECKI and ROESSLER. Referred to Committee on Veterans and Military Affairs.

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 the credit 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.

ASSEMBLY BILL 81

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), (2ds), (2dx) and (3s) and (5dv) and not passed through by
7 a partnership, limited liability company or tax-option corporation that has added
8 that amount to the partnership's, company's or tax-option corporation's income
9 under s. 71.21 (4) or 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. "Claimant" means a person who files a claim under this subsection.

13 2. "Disabled veteran" means a person who is eligible for compensation under
14 38 USC 310.

15 3. "Percentage of disability" means the percentage determined under 38 USC
16 314 (a) to (j).

17 (b) Subject to the limitations provided in this subsection, a claimant may claim
18 as a credit against the tax imposed under s. 71.02 an amount calculated as follows:

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

ASSEMBLY BILL 81

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

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

4 (c) If the allowable amount of the claim under this subsection exceeds the
5 income taxes otherwise due on the claimant's income, the amount of the claim that
6 is not used to offset those taxes shall be certified by the department of revenue to the
7 department of administration for payment by check, share draft or other draft drawn
8 from the appropriation under s. 20.835 (2) (a).

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

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

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

20 71.08 (1) IMPOSITION. (intro.) If the tax imposed on a natural person, married
21 couple filing jointly, trust or estate under s. 71.02, not considering the credits under
22 ss. 71.07 (1), (2dd), (2de), (2di), (2dj), (2dL), (2dr), (2ds), (2dx), (2fd), (3m), (3s), (5dv),
23 (6) and (9e), 71.28 (1dd), (1de), (1di), (1dj), (1dL), (1ds), (1dx), (1fd), (2m) ~~and~~ (3) and
24 (5dv) and 71.47 (1dd), (1de), (1di), (1dj), (1dL), (1ds), (1dx), (1fd), (2m) ~~and~~ (3) and
25 (5dv) and subchs. VIII and IX and payments to other states under s. 71.07 (7), is less

ASSEMBLY BILL 81

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

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

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

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

12 71.21 (4) Credits computed by a partnership under s. 71.07 (2dd), (2de), (2di),
13 (2dj), (2dL), (2ds), (2dx) ~~and~~, (3s) and (5dv) and passed through to partners shall be
14 added to the partnership's income.

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

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

ASSEMBLY BILL 81

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

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

7 **71.28 (5dv) DISABLED VETERANS HIRING CREDIT.** (a) In this subsection:

8 1. “Claimant” means a person who files a claim under this subsection.

9 2. “Disabled veteran” means a person who is eligible for compensation under
10 38 USC 310.

11 3. “Percentage of disability” means the percentage determined under 38 USC
12 314 (a) to (j).

13 (b) Subject to the limitations provided in this subsection, a claimant may claim
14 as a credit against the taxes imposed under s. 71.23 an amount calculated as follows:

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

17 2. Multiply the amount under subd. 1. by the disabled veteran’s percentage of
18 disability.

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

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

ASSEMBLY BILL 81

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

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

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

12 71.30 (3) (f) The total of farmers' drought property tax credit under s. 71.28
13 (1fd), farmland preservation credit under subch. IX, farmland tax relief credit under
14 s. 71.28 (2m), disabled veterans hiring credit under s. 71.28 (5dv) and estimated tax
15 payments under s. 71.29.

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

17 71.34 (1) (g) An addition shall be made for credits computed by a tax-option
18 corporation under s. 71.28 (1dd), (1de), (1di), (1dj), (1dL), (1ds), (1dx) ~~and~~, (3) and
19 (5dv) and passed through to shareholders.

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

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

ASSEMBLY BILL 81

1 income under s. 71.21 (4) or 71.34 (1) (g) and the amount of credit computed under
2 s. 71.47 (1), (3), (4) and (5).

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

4 71.47 (5dv) DISABLED VETERANS HIRING CREDIT. (a) In this subsection:

5 1. “Claimant” means a person who files a claim under this subsection.

6 2. “Disabled veteran” means a person who is eligible for compensation under
7 38 USC 310.

8 3. “Percentage of disability” means the percentage determined under 38 USC
9 314 (a) to (j).

10 (b) Subject to the limitations provided in this subsection, a claimant may claim
11 as a credit against the taxes imposed under s. 71.43 an amount calculated as follows:

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

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

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

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

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

ASSEMBLY BILL 81

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

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

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

8 71.49 (1) (f) The total of farmers' drought property tax credit under s. 71.47
9 (1fd), farmland preservation credit under subch. IX, farmland tax relief credit under
10 s. 71.47 (2m), disabled veterans hiring credit under s. 71.47 (5dv) and estimated tax
11 payments under s. 71.48.

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

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

24 **SECTION 15. Initial applicability.**

