

**1999 DRAFTING REQUEST**

**Assembly Substitute Amendment (ASA-AB393)**

Received: 11/24/1999

Received By: jkreye

Wanted: Soon

Identical to LRB:

For: Tim Hoven (608) 267-2369

By/Representing: Michael Welsh

This file may be shown to any legislator: NO

Drafter: jkreye

May Contact: Bill Ford - Leg. Council

Alt. Drafters:

Subject: Tax - corp. inc. and fran.  
Tax Credits - miscellaneous

Extra Copies:

**Pre Topic:**

No specific pre topic given

**Topic:**

income tax and franchise tax credit for employer's day care center

**Instructions:**

See Attached

**Drafting History:**

<u>Vers.</u>	<u>Drafted</u>	<u>Reviewed</u>	<u>Typed</u>	<u>Proofed</u>	<u>Submitted</u>	<u>Jacketed</u>	<u>Required</u>
/1	jkreye 11/24/1999	chanaman 11/24/1999	mclark 11/29/1999	_____	lrb_docadmin 11/29/1999	lrb_docadmin 11/29/1999	
	jkreye 12/14/1999	chanaman 12/14/1999		_____			
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FE Sent For:

<END>

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FE Sent For:

*cmh  
12/14  
/2*

*Tim 12/14*

*JF 12/15  
Tim 12/15*

<END>

# Memo

To: Joe Kreye, LRB

From: Michael Welsh, Rep. Hoven's office

RE: Changes to Sub Amendment to AB 393

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50217/1

7-2369

- ✓ 1. Page 2, line 3  
Page 6, line 16  
Page 10, line 20

Specify that equipment must be depreciable **and must be used on-site (at the daycare center).**

- ✓ 2. Page 2, line 5  
Page 6, line 18  
Page 10, line 22

Delete the reference to "Year-round employee."

- ✓ 3. Page 3, line 4  
Page 7, line 16  
Page 11, line 20

Delete all references to the number of employees in a business and the separate pots of money for small and large business (\$750,000 respectively). Instead revert back to the previous draft where \$1.5 million was shared by all businesses regardless of size.

- ✓ 4. Page 4, line 18  
Page 9, line 5  
Page 13, line 9

Specify that partnerships, LLC's and tax-option corporations may claim the credit under this subsection, *but shall apply for the credit as an entity.*

- ✓ 5. Page 3, Line 17  
Page, 8, Line 4  
Page 12, Line 8

Specify that after the March 1<sup>st</sup> filing deadline passes, the DOR must randomly draw from the pool of applicants (i.e., a lottery) to determine who would receive the credit. This approach would be used in place of the first come, first serve process.

— is waiting list by random  
or first come, first serve.

\*\*\*These should be the final changes.

## Kreye, Joseph

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To: Welsh, Michael  
Subject: sub to AB393

Michael:

This is a follow-up to the voice mail message I left at Rep. Hoven's office. I received your memo related to the changes to the substitute amendment (LRBs0217/1). Please send back the stripes for redrafting. If you cannot locate the stripes, I can redraft the amendment with a different LRB number.

Also, I understand that you want DOR to randomly distribute the credits from the pool of applicants. Do you want DOR to randomly select from the waiting list as well, or do you want the waiting list applicants to be first come, first serve?

**Joseph T. Kreye**, Legislative Attorney  
Legislative Reference Bureau  
(608) 266-2263  
[joseph.kreye@legis.state.wi.us](mailto:joseph.kreye@legis.state.wi.us)

*note to Michael, 12-13-99*

- 1 check upstairs — for stripes*
- 2 waiting list — also random*

**ASSEMBLY SUBSTITUTE AMENDMENT ,  
TO 1999 ASSEMBLY BILL 393**

in 12-14-99

SOON

refer  
to cat

1 AN ACT to amend 71.05 (6) (a) 15., 71.26 (2) (a), 71.45 (2) (a) 10. and 77.92 (4);  
2 and to create 71.07 (5d), 71.10 (4) (cp), 71.28 (5d), 71.30 (3) (dm), 71.47 (5d) and  
3 71.49 (1) (dm) of the statutes; relating to: income and franchise tax credits for  
4 a business to construct, equip and operate a day care center for the children of  
5 employes.

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

6 SECTION 1. 71.05 (6) (a) 15. of the statutes 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), (2dr), (2ds), (2dx) and (3s) and (5d) and not passed through by a  
9 partnership, limited liability company or tax-option corporation that has added that  
10 amount to the partnership's, company's or tax-option corporation's income under s.  
11 71.21 (4) or 71.34 (1) (g).

12 SECTION 2. 71.07 (5d) of the statutes is created to read:

1 71.07 (5d) DAY CARE CENTER CREDIT. (a) In this subsection:

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

3 2. "Equipment" means equipment that is depreciable property for income tax  
4 or franchise tax purposes.

5 ~~3. "Year-round employe" means an employe who is employed by a claimant for~~  
6 ~~at least 10 months during the claimant's taxable year.~~

7 (b) A claimant may claim as a credit against the tax imposed under s. 71.02 any  
8 of the following:

9 1. An amount equal to 50% of the amount paid by the claimant during the  
10 taxable year to construct, and purchase equipment for, <sup>the use of</sup> a licensed day care center  
11 under s. 48.65, that is owned and operated by the claimant to care for the children  
12 of the claimant's employes during the employes' working hours.

13 2. An amount that is equal to the amount paid by the claimant to operate the  
14 claimant's day care center, as described under subd. 1., for the taxable year; minus  
15 any amount paid by an employe of the claimant to reimburse the claimant for any  
16 amount paid by the claimant under this subdivision; multiplied by 50%. A claimant  
17 may claim and be allocated a credit under this subdivision regardless of whether the  
18 claimant has claimed or been allocated a credit under subd. 1.

19 3. An amount that is equal to the amount paid by the claimant during the  
20 taxable year to a licensed day care center under s. 48.65, other than a day care center  
21 as described under subd. 1., to provide care for the children of the claimant's  
22 employes during the employes' working hours; minus any amount paid by an  
23 employe of the claimant to reimburse the claimant for any amount paid by the  
24 claimant under this subdivision; multiplied by 50%.

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(c) Except as provided in par. (dm), the amount of the credit under this subsection shall not exceed \$50,000 in a taxable year for each claimant, ~~and the~~ <sup>for all claimants</sup> total amount of the credit ~~under this subsection and ss. 71.28 (5d) and 71.47 (5d) for all claimants who employ no more than 99 year-round employees~~ shall not exceed ~~\$750,000~~ <sup>\$1,500,000</sup> in a state fiscal year. ~~The total amount of the credit under this subsection and ss. 71.28 (5d) and 71.47 (5d) for all claimants who employ more than 99 year-round employees shall not exceed \$750,000 in a state fiscal year.~~

(d) 1. No credit may be allowed under this subsection unless the claimant files annually an application with the department of revenue on or before March 1 and includes with that application a statement from the department of health and family services that verifies that the day care center under par. (b) is licensed under s. 48.65. A claimant may apply for and be allocated a credit under this subsection before the claimant pays expenses under par. (b), except that, if the claimant does not pay the expenses in the taxable year related to the credit, the claimant shall not receive the credit and the department of revenue may allocate the amount of the credit to another claimant. <sup>after March 1,</sup> ~~randomly~~

2. ~~The department shall allocate the credits under this subsection and ss. 71.28 (5d) and 71.47 (5d) in the order in which the applications for such credits are filed, with the first credit allocated to the claimant who files the first qualified application under this subsection or s. 71.28 (5d) or 71.47 (5d).~~ After the department has allocated the credits, the department shall compile a waiting list of claimants who were not allocated credits and shall allocate <sup>randomly</sup> any unused credits to the claimants on the waiting list ~~in the order in which the claimants filed applications for such credits, with the first unused credit allocated to the claimant who files the first qualified application under this subsection or s. 71.28 (5d) or 71.47 (5d).~~ No credit may be

1 allowed under this subsection after the department has awarded the total amount  
2 of the credit for all claimants under par. (c).

3 (dm). Claimants who jointly construct, equip or operate a licensed day care  
4 center may jointly claim the credit as provided under this subsection, if the claimants  
5 file a joint application under par. (d) 1. Claimants who file a joint application and  
6 who are allocated a credit under par. (b) may apportion the amount of the credit  
7 among the joint claimants in any manner that the joint claimants choose, except that  
8 the total amount of the credit for the joint claimants shall not exceed \$50,000 in a  
9 taxable year.

10 (e) Section 71.28 (4) (e), as it applies to the credit under s. 71.28 (4), applies to  
11 the credit under this subsection.

12 (f) If a credit computed under this subsection is not entirely offset against  
13 income or franchise taxes otherwise due, the unused balance may be carried forward  
14 and credited against income or franchise taxes otherwise due for the following 5  
15 taxable years to the extent not offset by those taxes otherwise due in all intervening  
16 years between the year in which the expense was paid and the year in which the  
17 carry-forward credit is claimed.

18 (g) Partnerships, limited liability companies and tax-option corporations may  
19 claim the credit under this subsection as an entity

20 (h) Section 71.28 (4) (g) and (h), as it applies to the credit under s. 71.28 (4),  
21 applies to the credit under this subsection.

22 (i) Except as provided under par. (j), if the operation of a day care center under  
23 par. (b) 1. ceases within 5 years after the date on which the construction of the day  
24 care center is completed, a claimant who receives credits under par. (b) 1. and 2. for  
25 the construction and operation of such a day care center shall add to the claimant's



1 liability for taxes imposed under s. 71.02 an amount equal to the total amount of the  
2 credits received under par. (b) 1. and 2. multiplied by the following percentage:

3 1. If the operation of the day care center ceases during the first year after the  
4 date on which the construction of the day care center is completed, 100%.

5 2. If the operation of the day care center ceases during the 2nd year after the  
6 date on which the construction of the day care center is completed, 80%.

7 3. If the operation of the day care center ceases during the 3rd year after the  
8 date on which the construction of the day care center is completed, 60%.

9 4. If the operation of the day care center ceases during the 4th year after the  
10 date on which the construction of the day care center is completed, 40%.

11 5. If the operation of the day care center ceases during the 5th year after the  
12 date on which the construction of the day care center is completed, 20%.

13 (j) Paragraph (i) does not apply to a claimant whose business ceases operation  
14 within 5 years after the date on which the construction of the claimant's day care  
15 center is completed; or whose day care center ceases operation for not more than 30  
16 consecutive days in a taxable year; or who presents evidence to the department of  
17 revenue that the majority of the claimant's employes with children who are eligible  
18 to enroll in the claimant's day center do not want to enroll their children in the  
19 claimant's day care center.

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

21 71.10 (4) (cp) The day care center credit under s. 71.07 (5d).

22 **SECTION 4.** 71.26 (2) (a) of the statutes is amended to read:

23 71.26 (2) (a) *Corporations in general.* The "net income" of a corporation means  
24 the gross income as computed under the internal revenue code as modified under  
25 sub. (3) minus the amount of recapture under s. 71.28 (1di) plus the amount of credit

1 computed under s. 71.28 (1) and (3) to (5) plus the amount of the credit computed  
 2 under s. 71.28 (1dd), (1de), (1di), (1dj), (1dL), (1ds) ~~and~~ (1dx) and (5d) and not passed  
 3 through by a partnership, limited liability company or tax-option corporation that  
 4 has added that amount to the partnership's, limited liability company's or tax-option  
 5 corporation's income under s. 71.21 (4) or 71.34 (1) (g) plus the amount of losses from  
 6 the sale or other disposition of assets the gain from which would be wholly exempt  
 7 income, as defined in sub. (3) (L), if the assets were sold or otherwise disposed of at  
 8 a gain and minus deductions, as computed under the internal revenue code as  
 9 modified under sub. (3), plus or minus, as appropriate, an amount equal to the  
 10 difference between the federal basis and Wisconsin basis of any asset sold,  
 11 exchanged, abandoned or otherwise disposed of in a taxable transaction during the  
 12 taxable year, except as provided in par. (b) and s. 71.45 (2) and (5).

13 SECTION 5. 71.28 (5d) of the statutes is created to read:

14 71.28 (5d) DAY CARE CENTER CREDIT. (a) In this subsection:

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

16 2. "Equipment" means equipment that is depreciable property for income tax  
 17 or franchise tax purposes.

18 3. "Year-round employe" means an employe who is employed by a claimant for  
 19 at least 10 months during the claimant's taxable year.

20 (b) A claimant may claim as a credit against the tax imposed under s. 71.23 any  
 21 of the following:

22 1. An amount equal to 50% of the amount paid by the claimant during the  
 23 taxable year to construct, and purchase equipment for <sup>the use at</sup> a licensed day care center  
 24 under s. 48.65, that is owned and operated by the claimant to care for the children  
 25 of the claimant's employes during the employes' working hours.

1           2. An amount that is equal to the amount paid by the claimant to operate the  
 2 claimant's day care center, as described under subd. 1., for the taxable year; minus  
 3 any amount paid by an employe of the claimant to reimburse the claimant for any  
 4 amount paid by the claimant under this subdivision; multiplied by 50%. A claimant  
 5 may claim and be allocated a credit under this subdivision regardless of whether the  
 6 claimant has claimed or been allocated a credit under subd. 1.

7           3. An amount that is equal to the amount paid by the claimant during the  
 8 taxable year to a licensed day care center under s. 48.65, other than a day care center  
 9 as described under subd. 1., to provide care for the children of the claimant's  
 10 employes during the employes' working hours; minus any amount paid by an  
 11 employe of the claimant to reimburse the claimant for any amount paid by the  
 12 claimant under this subdivision; multiplied by 50%.

13           (c) Except as provided in par. (dm), the amount of the credit under this  
 14 subsection shall not exceed \$50,000 in a taxable year for each claimant ~~and the~~ <sup>total</sup>  
 15 amount of the credit <sup>for all claimants</sup> under this subsection and ss. 71.07 (5d) and 71.47 (5d) ~~for all~~  
 16 ~~claimants who employ no more than 99 year-round employes shall not exceed~~  
 17 ~~\$750,000~~ in a state fiscal year. ~~The total amount of the credit under this subsection~~  
 18 ~~and ss. 71.07 (5d) and 71.47 (5d) for all claimants who employ more than 99~~  
 19 ~~year-round employes shall not exceed \$750,000 in a state fiscal year.~~

20           (d) 1. No credit may be allowed under this subsection unless the claimant files  
 21 annually an application with the department of revenue on or before March 1 and  
 22 includes with that application a statement from the department of health and family  
 23 services that verifies that the day care center under par. (b) is licensed under s. 48.65.  
 24 A claimant may apply for and be allocated a credit under this subsection before the  
 25 claimant pays expenses under par. (b), except that, if the claimant does not pay the

\$1,500,000

1 expenses in the taxable year related to the credit, the claimant shall not receive the  
2 credit and the department of revenue may allocate the amount of the credit to  
3 another claimant. *After March 1, randomly*

4 2. ~~The department shall allocate the credits under this subsection and ss. 71.07~~  
5 ~~(5d) and 71.47 (5d) in the order in which the applications for such credits are filed,~~  
6 ~~with the first credit allocated to the claimant who files the first qualified application~~  
7 ~~under this subsection or s. 71.07 (5d) or 71.47 (5d).~~ After the department has  
8 allocated the credits, the department shall compile a waiting list of claimants who  
9 were not allocated credits and shall allocate *randomly* any unused credits to the claimants on  
10 the waiting list ~~in the order in which the claimants filed applications for such credits,~~  
11 ~~with the first unused credit allocated to the claimant who files the first qualified~~  
12 ~~application under this subsection or s. 71.07 (5d) or 71.47 (5d).~~ No credit may be  
13 allowed under this subsection after the department has awarded the total amount  
14 of the credit for all claimants under par. (c).

15 (dm) Claimants who jointly construct, equip or operate a licensed day care  
16 center may jointly claim the credit as provided under this subsection, if the claimants  
17 file a joint application under par. (d) 1. Claimants who file a joint application and  
18 who are allocated a credit under par. (b) may apportion the amount of the credit  
19 among the joint claimants in any manner that the joint claimants choose, except that  
20 the total amount of the credit for the joint claimants shall not exceed \$50,000 in a  
21 taxable year.

22 (e) Subsection (4) (e), as it applies to the credit under sub. (4), applies to the  
23 credit under this subsection.

24 (f) If a credit computed under this subsection is not entirely offset against  
25 income or franchise taxes otherwise due, the unused balance may be carried forward

1 and credited against income or franchise taxes otherwise due for the following 5  
2 taxable years to the extent not offset by those taxes otherwise due in all intervening  
3 years between the year in which the expense was paid and the year in which the  
4 carry-forward credit is claimed.

5 (g) Partnerships, limited liability companies, <sup>company or</sup> and tax-option corporations <sup>or</sup> may  
6 claim the credit under this subsection. <sup>as an entity</sup>

7 (h) Subsection (4) (g) and (h), as it applies to the credit under sub. (4), applies  
8 to the credit under this subsection.

9 (i) Except as provided under par. (j), if the operation of a day care center under  
10 par. (b) 1. ceases within 5 years after the date on which the construction of the day  
11 care center is completed, a claimant who receives credits under par. (b) 1. and 2. for  
12 the construction and operation of such a day care center shall add to the claimant's  
13 liability for taxes imposed under s. 71.23 an amount equal to the total amount of the  
14 credits received under par. (b) 1. and 2. multiplied by the following percentage:

15 1. If the operation of the day care center ceases during the first year after the  
16 date on which the construction of the day care center is completed, 100%.

17 2. If the operation of the day care center ceases during the 2nd year after the  
18 date on which the construction of the day care center is completed, 80%.

19 3. If the operation of the day care center ceases during the 3rd year after the  
20 date on which the construction of the day care center is completed, 60%.

21 4. If the operation of the day care center ceases during the 4th year after the  
22 date on which the construction of the day care center is completed, 40%.

23 5. If the operation of the day care center ceases during the 5th year after the  
24 date on which the construction of the day care center is completed, 20%.

1 (j) Paragraph (i) does not apply to a claimant whose business ceases operation  
2 within 5 years after the date on which the construction of the claimant's day care  
3 center is completed; or whose day care center ceases operation for not more than 30  
4 consecutive days in a taxable year; or who presents evidence to the department of  
5 revenue that the majority of the claimant's employees with children who are eligible  
6 to enroll in the claimant's day center do not want to enroll their children in the  
7 claimant's day care center.

8 SECTION 6. 71.30 (3) (dm) of the statutes is created to read:

9 71.30 (3) (dm) The day care center credit under s. 71.28 (5d).

10 SECTION 7. 71.45 (2) (a) 10. of the statutes is amended to read:

11 71.45 (2) (a) 10. By adding to federal taxable income the amount of credit  
12 computed under s. 71.47 (1dd) to (1dx) and (5d) and not passed through by a  
13 partnership, limited liability company or tax-option corporation that has added that  
14 amount to the partnership's, limited liability company's or tax-option corporation's  
15 income under s. 71.21 (4) or 71.34 (1) (g) and the amount of credit computed under  
16 s. 71.47 (1), (3), (4) and (5).

17 SECTION 8. 71.47 (5d) of the statutes is created to read:

18 71.47 (5d) DAY CARE CENTER CREDIT. (a) In this subsection:

- 19 1. "Claimant" means a person who files a claim under this subsection.  
20 2. "Equipment" means equipment that is depreciable property for income tax  
21 or franchise tax purposes.

22 3. "Year-round employee" means an employee who is employed by a claimant for  
23 at least 10 months during the claimant's taxable year.

24 (b) A claimant may claim as a credit against the tax imposed under s. 71.43 any  
25 of the following:

1           1. An amount equal to 50% of the amount paid by the claimant during the  
 2 taxable year to construct, and purchase equipment for <sup>the use at</sup> a licensed day care center  
 3 under s. 48.65, that is owned and operated by the claimant to care for the children  
 4 of the claimant's employes during the employes' working hours.

5           2. An amount that is equal to the amount paid by the claimant to operate the  
 6 claimant's day care center, as described under subd. 1., for the taxable year; minus  
 7 any amount paid by an employe of the claimant to reimburse the claimant for any  
 8 amount paid by the claimant under this subdivision; multiplied by 50%. A claimant  
 9 may claim and be allocated a credit under this subdivision regardless of whether the  
 10 claimant has claimed or been allocated a credit under subd. 1.

11           3. An amount that is equal to the amount paid by the claimant during the  
 12 taxable year to a licensed day care center under s. 48.65, other than a day care center  
 13 as described under subd. 1., to provide care for the children of the claimant's  
 14 employes during the employes' working hours; minus any amount paid by an  
 15 employe of the claimant to reimburse the claimant for any amount paid by the  
 16 claimant under this subdivision; multiplied by 50%.

17           (c) Except as provided in par. (dm), the amount of the credit under this  
 18 subsection shall not exceed \$50,000 in a taxable year for each claimant <sup>and the</sup> ~~the~~ total  
 19 amount of the credit <sup>for all claimants</sup> under this subsection and ss. 71.07 (5d) and 71.28 (5d) ~~for all~~  
 20 ~~claimants who employ no more than 99 year-round employes~~ shall not exceed  
 21 ~~\$750,000~~ in a state fiscal year. ~~The total amount of the credit under this subsection~~  
 22 ~~and ss. 71.07 (5d) and 71.28 (5d) for all claimants who employ more than 99~~  
 23 ~~year-round employes shall not exceed \$750,000 in a state fiscal year.~~

24           (d) 1. No credit may be allowed under this subsection unless the claimant files  
 25 annually an application with the department of revenue on or before March 1 and

\$1,500,000

1 includes with that application a statement from the department of health and family  
 2 services that verifies that the day care center under par. (b) is licensed under s. 48.65.  
 3 A claimant may apply for and be allocated a credit under this subsection before the  
 4 claimant pays expenses under par. (b), except that, if the claimant does not pay the  
 5 expenses in the taxable year related to the credit, the claimant shall not receive the  
 6 credit and the department of revenue may allocate the amount of the credit to  
 7 another claimant.

8 2. <sup>After March 1,</sup> The department shall allocate <sup>randomly</sup> the credits under this subsection and ss. 71.07  
 9 (5d) and 71.28 (5d) ~~in the order in which the applications for such credits are filed,~~  
 10 ~~with the first credit allocated to the claimant who files the first qualified application~~  
 11 ~~under this subsection or s. 71.07 (5d) or 71.28 (5d).~~ After the department has  
 12 allocated the credits, the department shall compile a waiting list of claimants who  
 13 were not allocated credits and shall allocate <sup>randomly</sup> any unused credits to the claimants on  
 14 the waiting list ~~in the order in which the claimants filed applications for such credits,~~  
 15 ~~with the first unused credit allocated to the claimant who files the first qualified~~  
 16 ~~application under this subsection or s. 71.07 (5d) or 71.28 (5d).~~ No credit may be  
 17 allowed under this subsection after the department has awarded the total amount  
 18 of the credit for all claimants under par. (c).

19 (dm) Claimants who jointly construct, equip or operate a licensed day care  
 20 center may jointly claim the credit as provided under this subsection, if the claimants  
 21 file a joint application under par. (d) 1. Claimants who file a joint application and  
 22 who are allocated a credit under par. (b) may apportion the amount of the credit  
 23 among the joint claimants in any manner that the joint claimants choose, except that  
 24 the total amount of the credit for the joint claimants shall not exceed \$50,000 in a  
 25 taxable year.



1 (e) Section 71.28 (4) (e), as it applies to the credit under s. 71.28 (4), applies to  
2 the credit under this subsection.

3 (f) If a credit computed under this subsection is not entirely offset against  
4 income or franchise taxes otherwise due, the unused balance may be carried forward  
5 and credited against income or franchise taxes otherwise due for the following 5  
6 taxable years to the extent not offset by those taxes otherwise due in all intervening  
7 years between the year in which the expense was paid and the year in which the  
8 carry-forward credit is claimed.

9 (g) <sup>A</sup>Partnerships, limited liability ~~companies~~ <sup>companies or</sup> and tax-option corporations <sup>as an entity</sup> may  
10 claim the credit under this subsection.

11 (h) Section 71.28 (4) (g) and (h), as it applies to the credit under s. 71.28 (4),  
12 applies to the credit under this subsection.

13 (i) Except as provided under par. (j), if the operation of a day care center under  
14 par. (b) 1. ceases within 5 years after the date on which the construction of the day  
15 care center is completed, a claimant who receives credits under par. (b) 1. and 2. for  
16 the construction and operation of such a day care center shall add to the claimant's  
17 liability for taxes imposed under s. 71.43 an amount equal to the total amount of the  
18 credits received under par. (b) 1. and 2. multiplied by the following percentage:

19 1. If the operation of the day care center ceases during the first year after the  
20 date on which the construction of the day care center is completed, 100%.

21 2. If the operation of the day care center ceases during the 2nd year after the  
22 date on which the construction of the day care center is completed, 80%.

23 3. If the operation of the day care center ceases during the 3rd year after the  
24 date on which the construction of the day care center is completed, 60%.

1 4. If the operation of the day care center ceases during the 4th year after the  
2 date on which the construction of the day care center is completed, 40%.

3 5. If the operation of the day care center ceases during the 5th year after the  
4 date on which the construction of the day care center is completed, 20%.

5 (j) Paragraph (i) does not apply to a claimant whose business ceases operation  
6 within 5 years after the date on which the construction of the claimant's day care  
7 center is completed; or whose day care center ceases operation for not more than 30  
8 consecutive days in a taxable year; or who presents evidence to the department of  
9 revenue that the majority of the claimant's employes with children who are eligible  
10 to enroll in the claimant's day center do not want to enroll their children in the  
11 claimant's day care center.

12 **SECTION 9.** 71.49 (1) (dm) of the statutes is created to read:

13 71.49 (1) (dm) The day care center credit under s. 71.47 (5d).

14 **SECTION 10.** 77.92 (4) of the statutes, as affected by 1999 Wisconsin Act 9, is  
15 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), (2dr), (2ds), (2dx) ~~and~~, (3s) and (5d); and plus or minus, as  
25 appropriate, transitional adjustments, depreciation differences and basis

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

6 **SECTION 11. Initial applicability.**

7 (1) DAY CARE CENTER CREDIT. This act first applies to taxable years beginning  
8 on January 1, 2000.

9 (END)