

1999 ASSEMBLY BILL 844

March 7, 2000 – Introduced by Representatives SCHNEIDER, RYBA, PLALE and MUSSEY, cosponsored by Senator ROESSLER. Referred to Committee on Ways and Means.

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 (5s), 71.10 (4) (gv), 71.28 (5s), 71.30
3 (3) (eon), 71.47 (5s) and 71.49 (1) (eon) of the statutes; **relating to:** creating a
4 nonrefundable income tax and franchise tax credit for information technology
5 training.

Analysis by the Legislative Reference Bureau

This bill creates an individual income tax and corporate income tax and franchise tax credit for training related to information technology. The credit is an amount equal to 50% of the amount that a claimant pays for the claimant or the claimant's spouse, dependent or employe to receive training related to information technology. If the amount of the credit exceeds the claimant's tax liability, the state will not issue a refund check, but the claimant may carry forward any remaining credit to subsequent taxable years. A claimant who receives the credit, however, must pay back the amount of the credit if the individual who receives the training is not employed in this state in an occupation related to information technology within one year after the individual completes the training or if the individual is employed in that occupation for less than one year.

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

2 71.05 **(6)** (a) 15. The amount of the credits computed under s. 71.07 (2dd), (2de),
3 (2di), (2dj), (2dL), (2dr), (2ds), (2dx) ~~and~~ (3s) and (5s) and not passed through by a
4 partnership, limited liability company or tax-option corporation that has added that
5 amount to the partnership's, company's or tax-option corporation's income under s.
6 71.21 (4) or 71.34 (1) (g).

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

8 71.07 **(5s)** INFORMATION TECHNOLOGY TRAINING CREDIT. (a) In this subsection:

9 1. "Claimant" means an individual, a sole proprietor, a partner, a member of
10 a limited liability company or a shareholder of a tax-option corporation who files a
11 claim under this subsection.

12 2. "Information technology" has the meaning given in s. 16.97 (6).

13 3. "Qualified institution" means any university, college, technical college or
14 school approved under s. 45.54.

15 (b) Subject to the limitations provided in this subsection, a claimant may claim
16 as a credit against the tax imposed under s. 71.02 an amount equal to 50% of the
17 amount that the claimant paid during the taxable year for the claimant or the
18 claimant's spouse, dependent or employee to receive information technology training
19 at a qualified institution.

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1 (c) The amount of the credit for each claimant under this subsection shall not
2 exceed \$2,500 in a taxable year for each individual for whom the claimant pays an
3 amount as provided in par. (b).

4 (d) A claimant who receives a credit under par. (b) shall add to the claimant's
5 liability for taxes imposed under s. 71.02 an amount that is equal to the total amount
6 of the credits received under par. (b), if any of the following occur:

7 1. The individual who received the training as specified under par. (b) is not
8 employed in this state in an occupation related to information technology within one
9 year after the individual completes the training.

10 2. The individual who received the training as specified under par. (b) is
11 employed in this state in an occupation related to information technology for less
12 than one year.

13 (e) A claimant may not claim the credit under par. (b) for any amounts that the
14 claimant excluded under s. 71.05 (6) (b) 28. or under section 127 of the Internal
15 Revenue Code.

16 (f) The carry-over provisions of s. 71.28 (4) (e) and (f), as they apply to the credit
17 under s. 71.28 (4), apply to the credit under this subsection.

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

ASSEMBLY BILL 844**SECTION 2**

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

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

4 71.10 (4) (gv) Information technology training credit under s. 71.07 (5s).

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

6 71.21 (4) Credits computed by a partnership under s. 71.07 (2dd), (2de), (2di),
7 (2dj), (2dL), (2ds), (2dx) ~~and (3s) and (5s)~~ and passed through to partners shall be
8 added to the partnership's income.

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

10 71.26 (2) (a) *Corporations in general.* The “net income” of a corporation means
11 the gross income as computed under the ~~internal revenue code~~ Internal Revenue
12 Code as modified under sub. (3) minus the amount of recapture under s. 71.28 (1di)
13 plus the amount of credit computed under s. 71.28 (1) and (3) to (5) plus the amount
14 of the credit computed under s. 71.28 (1dd), (1de), (1di), (1dj), (1dL), (1ds) ~~and (1dx)~~
15 ~~and (5s)~~ and not passed through by a partnership, limited liability company or
16 tax-option corporation that has added that amount to the partnership's, limited
17 liability company's or tax-option corporation's income under s. 71.21 (4) or 71.34 (1)
18 (g) plus the amount of losses from the sale or other disposition of assets the gain from
19 which would be wholly exempt income, as defined in sub. (3) (L), if the assets were
20 sold or otherwise disposed of at a gain and minus deductions, as computed under the
21 ~~internal revenue code~~ Internal Revenue Code as modified under sub. (3), plus or
22 minus, as appropriate, an amount equal to the difference between the federal basis
23 and Wisconsin basis of any asset sold, exchanged, abandoned or otherwise disposed
24 of in a taxable transaction during the taxable year, except as provided in par. (b) and
25 s. 71.45 (2) and (5).

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

2 **71.28 (5s) INFORMATION TECHNOLOGY TRAINING CREDIT.** (a) In this subsection:

3 1. “Claimant” means a corporation that files a claim under this subsection.

4 2. “Information technology” has the meaning given in s. 16.97 (6).

5 3. “Qualified institution” means any university, college, technical college or
6 school approved under s. 45.54.

7 (b) Subject to the limitations provided in this subsection, a claimant may claim
8 as a credit against the tax imposed under s. 71.23 an amount equal to 50% of the
9 amount that the claimant paid during the taxable year for an employe to receive
10 information technology training at a qualified institution.

11 (c) The amount of the credit for each claimant under this subsection shall not
12 exceed \$2,500 in a taxable year for each employe for whom the claimant pays an
13 amount as provided in par. (b).

14 (d) A claimant who receives a credit under par. (b) shall add to the claimant’s
15 liability for taxes imposed under s. 71.23 an amount that is equal to the total amount
16 of the credits received under par. (b), if any of the following occur:

17 1. The employe who received the training as specified under par. (b) is not
18 employed in this state in an occupation related to information technology within one
19 year after the employe completes the training as provided under par. (b).

20 2. The employe who received the training as specified under par. (b) is employed
21 in this state in an occupation related to information technology for less than one year.

22 (e) A claimant may not claim the credit under par. (b) for any amounts that the
23 claimant has excluded under s. 71.05 (6) (b) 28. or under section 127 of the Internal
24 Revenue Code.

ASSEMBLY BILL 844**SECTION 6**

1 (f) The carry-over provisions of sub. (4) (e) and (f), as they apply to the credit
2 under sub. (4), apply to the credit under this subsection.

3 (g) 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 the amount 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 interest.

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

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

14 71.30 **(3)** (eon) Information technology training credit under s. 71.28 (5s).

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

16 71.34 **(1)** (g) An addition shall be made for credits computed by a tax-option
17 corporation under s. 71.28 (1dd), (1de), (1di), (1dj), (1dL), (1ds), (1dx) ~~and~~, (3) and (5s)
18 and passed through to shareholders.

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

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

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

2 **71.47 (5s)** INFORMATION TECHNOLOGY TRAINING CREDIT. (a) In this subsection:

3 1. “Claimant” means a corporation that files a claim under this subsection.

4 2. “Information technology” has the meaning given in s. 16.97 (6).

5 3. “Qualified institution” means any university, college, technical college or
6 school approved under s. 45.54.

7 (b) Subject to the limitations provided in this subsection, a claimant may claim
8 as a credit against the tax imposed under s. 71.43 an amount equal to 50% of the
9 amount that the claimant paid during the taxable year for an employe to receive
10 information technology training at a qualified institution.

11 (c) The amount of the credit for each claimant under this subsection shall not
12 exceed \$2,500 in a taxable year for each employe for whom the claimant pays an
13 amount as provided in par. (b).

14 (d) A claimant who receives a credit under par. (b) shall add to the claimant’s
15 liability for taxes imposed under s. 71.43 an amount that is equal to the total amount
16 of the credits received under par. (b), if any of the following occur:

17 1. The employe who received the training as specified under par. (b) is not
18 employed in this state in an occupation related to information technology within one
19 year after the employe completes the training.

20 2. The employe who received the training as specified under par. (b) is employed
21 in this state in an occupation related to information technology for less than one year.

22 (e) A claimant may not claim the credit under par. (b) for any amounts that the
23 claimant has excluded under s. 71.05 (6) (b) 28. or under section 127 of the Internal
24 Revenue Code.

ASSEMBLY BILL 844**SECTION 10**

1 (f) The carry-over provisions of s. 71.28 (4) (e) and (f), as they apply to the credit
2 under s. 71.28 (4), apply to the credit under this subsection.

3 (g) 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 the amount 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 interest.

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

14 71.49 (1) (eon) Information technology training credit under s. 71.47 (5s).

15 **SECTION 12.** 77.92 (4) of the statutes, as affected by 1999 Wisconsin Act 9, is
16 amended to read:

17 77.92 (4) “Net business income”, with respect to a partnership, means taxable
18 income as calculated under section 703 of the Internal Revenue Code; plus the items
19 of income and gain under section 702 of the Internal Revenue Code, including taxable
20 state and municipal bond interest and excluding nontaxable interest income or
21 dividend income from federal government obligations; minus the items of loss and
22 deduction under section 702 of the Internal Revenue Code, except items that are
23 deductible under s. 71.21; plus guaranteed payments to partners under section 707
24 (c) of the Internal Revenue Code; plus the credits claimed under s. 71.07 (2dd), (2de),
25 (2di), (2dj), (2dL), (2dr), (2ds), (2dx) ~~and~~, (3s) and (5s) and plus or minus, as

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

7 **SECTION 13. Initial applicability.**

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

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(END)