1999 DRAFTING REQUEST

Bill

Received: **04/17/1999**

Received By: **shoveme**

Wanted: **As time permits**

Identical to LRB:

For: **Marlin Schneider (608) 266-0215**

By/Representing:

This file may be shown to any legislator: NO

Drafter: **shoveme**

May Contact:

Alt. Drafters: **jkreye**

Subject: **Tax - individual income**
Tax - corp. inc. and fran.
Tax Credits - miscellaneous

Extra Copies:

Pre Topic:

No specific pre topic given

Topic:

Individual and corporate tax credit for technology training

Instructions:

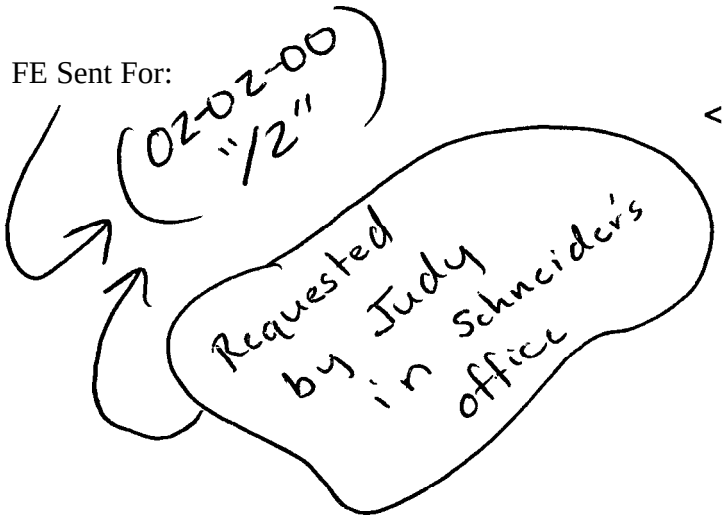
See Attached. Base bill on Maryland legislation that created a tax credit for technology education and training.

Drafting History:

Vers.	Drafted	Reviewed	Typed	Proofed	Submitted	Jacketed	Required
/?	shoveme 12/22/1999 jkreye 01/12/2000	wjackson 01/12/2000					State
/P1	jkreye 01/13/2000	wjackson 01/14/2000	mclark 01/12/2000		lrb-docadmin 01/12/2000		State
/1			martykr 01/14/2000		lrb_docadmin 01/14/2000	lrb-docadmin 01/20/2000	

Vers.	Drafted	Reviewed	Typed	Proofed	Submitted	Jacketed	Reauired

FE Sent For:



<END>

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/P1	jkreye 01/13/2000	wjackson 01/14/2000	mclark 01/12/2000		lrb-docadmin 01/12/2000		State
/1			martykr 01/14/2000		lrb-docadmin 01/14/2000		

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/?	shoveme 12/22/1999 jkreye 01/12/2000	wjackson 01/12/2000 /1 WLJ 1/14		_____ _____ _____ _____			State
/P1			mclark 01/12/2000	_____ _____	lrb_docadmin 01/12/2000		

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This file may be shown to any legislator: NO

Drafter: **shoveme**

May Contact:

Alt. Drafters: **j kreye**

Subject: **Tax - individual income**
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SUBMIT P1

Drafting History:

Vers.	Drafted	Reviewed	Typed	Proofed	Submitted	Jacketed	Required
/?	shoveme	/p1 1/12	WLj MRC 1/12	MRC/JF 1/12			

FE Sent For:

<END>

Frydenlund, Judy

From: Schneider, Marlin
Sent: Thursday, April 08, 1999 8:39 AM
To: Frydenlund, Judy
Subject: FW: Rep Marlin Scneider re conversation w/B. Hahn

Please get a bill drafted that does what is suggested below. Also please get the fiscal bureau to look at this issue as a possible budget amendment. - Marlin

-----Original Message-----

From: CompTIAPol@aol.com [mailto:CompTIAPol@aol.com]
Sent: Wednesday, April 07, 1999 8:08 PM
To: Rep.Schneider
cc: VNewson@comptia.org; ahald @microage.com; bwinsett @ microage.com; dupchurch@itta.org; pallen@itta.org; mfulton@ryanmcginn.com; grantml @gte.net
Subject: To: Rep Marlin Scneider re conversation w/B. Hahn

Dear Representative Schneider:

Thanks very much for calling to inquire if our association and/or members might support an effort to create a web page with database search capabilities and provide additional support to make it possible for Kosovar refugees in resettlement camps being established in several countries and their relatives wordwide to locate and communicate each other. It would be a very worthy humanitarian effort. Per our discussion I'll check with appropriate federal agencies and international charitable organizations tomorrow to find out if anything is being done or planned in that regard,and if there are ways our industry can help. I'll let you know what I find out
Thanks also for allowing me a few minutes to talk to you about our efforts to enact Information Technology training tax credit legislation in the state of Maryland, and for your interest in possibly introducing and supporting the same measure in Wisconsin. The Maryland bill, as introduced, follows. Lots of high paying unfilled jobs are available in every state (350,000 nationally), and if we can fill them with new workforce entants/displaced workers, states will create an immediate additional income stream from new corporate and personal income taxes. Arguements in favor of the legislation, statistics and other useful information are on the web site of the Technology Training Tax Credit Coalition (Techcoalition.org).

MD bill follows on next page

The MD bill has been modified since introduction, has cleared the tax committees, is in the general assembly's budget package, and has a reasonable chance of enactment. You would be a miracle worker if you get it in the WI budget at this point, and you would be a hero to our members in Wisconsin! (We have 7,500 nationally - I'll e-mail you a list of those in WI - they would be delighted to hear of your support.) Thanks again for calling, and bless you for the work you are doing to to help the refugees!

Bruce Hahn

HOUSE BILL 812

Unofficial Copy 1999 Regular Session
Q3 9lr0689

By: Delegates Barve, Barkley, Hurson, Franchot, Baldwin, Pendergrass,

Shriver, and Bronrott

Introduced and read first time: February 12, 1999
Assigned to: Wavs and Means

A BILL ENTITLED

AN ACT concerning
Information Technology Workforce Training - Income Tax Credit for
Individuals and Employers

FOR the purpose of allowing an individual a credit against the State income tax for certain amounts paid by the individual during the taxable year for certain information technology training for the individual or the individual's spouse or dependents, subject to certain limitations and conditions; allowing an employer a credit against the State income tax for certain amounts paid by the employer during the taxable year for certain information technology training for the employer's employees in the State, subject to certain iimitations; providing for the carryover of certain unused credits to certain taxable years; requiring the Department of Business and Economic Development to adopt certain regulations governing the administration and application of the tax credits; providing for the application of this Act; and generally relating to certain income tax credits for individuals and employers for certain amounts paid for certain information technology training.

BY adding to
Article - Tax - General
Section lo-712
Annotated Code of Maryland
(1997 Replacement Volume and 1998 Supplement)

SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND, That the Laws of Maryland read as follows:

Article - Tax - General

10-712.

(A) IN THIS SECTION, "INFORMATION TECHNOLOGY TRAINING" MEANS A RECOGNIZED COMPONENT OF STUDY:

(1) OFFERED BY A PROVIDER IN MARYLAND;

(2) THAT IS RECOGNIZED BY NATIONAL ACCREDITING CORPORATIONS AND ASSOCIATIONS; AND

(3) ON SUCCESSFUL COMPLETION ISSUES AN INDIVIDUAL A CERTIFICATE OF PROFICIENCY IN A SPECIFIC INFORMATION TECHNOLOGY-RELATED SKILL OR OCCUPATION.

(B) (1) SUBJECT TO PARAGRAPHS (2) AND (3) OF THIS SUBSECTION, AN INDIVIDUAL MAY CLAIM A CREDIT AGAINST THE STATE INCOME TAX IN AN AMOUNT

EQUAL TO 50% OF THE AMOUNT PAID BY THE INDIVIDUAL DURING THE TAXABLE YEAR FOR INFORMATION TECHNOLOGY TRAINING FOR THE INDIVIDUAL OR THE INDIVIDUAL'S SPOUSE OR DEPENDENTS.

(2) FOR ANY TAXABLE YEAR, THE CREDIT ALLOWED UNDER THIS SUBSECTION MAY NOT EXCEED $2,500 FOR EACH INCOME TAX RETURN.

(3) (I) THE INDIVIDUAL WHO RECEIVES THE INFORMATION TECHNOLOGY TRAINING WITH RESPECT TO WHICH A CREDIT UNDER THIS SUBSECTION IS ALLOWED SHALL:

1. COMMENCE EMPLOYMENT IN THE STATE IN AN OCCUPATION DIRECTLY RELATED TO THE INFORMATION TECHNOLOGY TRAINING WITHIN 1 YEAR AFTER SUCCESSFUL COMPLETION OF THE INFORMATION TECHNOLOGY TRAINING; AND

2. CONTINUE EMPLOYMENT IN THE STATE IN AN OCCUPATION DIRECTLY RELATED TO THE INFORMATION TECHNOLOGY TRAINING FOR AT LEAST 1 YEAR.

(II) IF THE INDIVIDUAL WHO RECEIVES THE INFORMATION TECHNOLOGY TRAINING WITH RESPECT TO WHICH A CREDIT UNDER THIS SUBSECTION IS ALLOWED FAILS TO SATISFY THE SERVICE OBLIGATION DESCRIBED UNDER SUBPARAGRAPH (I) OF THIS PARAGRAPH, THE CREDIT ALLOWED UNDER THIS SUBSECTION SHALL BE RECAPTURED UNDER REGULATIONS THAT THE COMPTROLLER ADOPTS.

© (1) SUBJECT TO THE LIMITATION UNDER PARAGRAPH (2) OF THIS SUBSECTION, AN EMPLOYER MAY CLAIM A CREDIT AGAINST THE STATE INCOME TAX IN AN AMOUNT EQUAL TO 50% OF THE TOTAL AMOUNT PAID BY THE EMPLOYER DURING THE TAXABLE YEAR FOR INFORMATION TECHNOLOGY TRAINING FOR THE EMPLOYER'S EMPLOYEES IN THE STATE.

(2) FOR ANY TAXABLE YEAR, THE CREDIT ALLOWED UNDER THIS SECTION MAY NOT EXCEED $2,500 FOR EACH EMPLOYEE RECEIVING THE INFORMATION TECHNOLOGY TRAINING.

(D) (1) IF THE CREDIT ALLOWED UNDER THIS SECTION FOR ANY TAXABLE YEAR EXCEEDS THE TOTAL TAX OTHERWISE PAYABLE BY AN INDIVIDUAL OR AN EMPLOYER FOR THAT TAXABLE YEAR, THE INDIVIDUAL OR EMPLOYER MAY APPLY THE EXCESS AS A CREDIT FOR SUCCEEDING TAXABLE YEARS UNTIL THE EARLIER OF:

(1) THE FULL AMOUNT OF THE EXCESS IS USED; OR

(2) THE EXPIRATION OF THE TENTH TAXABLE YEAR AFTER THE TAXABLE YEAR IN WHICH THE COSTS FOR WHICH THE CREDIT IS CLAIMED ARE

PAID.

(E) THE DEPARTMENT OF BUSINESS AND ECONOMIC DEVELOPMENT, IN CONSULTATION WITH THE MARYLAND HIGHER EDUCATION COMMISSION, THE GOVERNOR'S WORKFORCE INVESTMENT BOARD, THE HIGH TECHNOLOGY COUNCIL OF MARYLAND, THE COMPUTING TECHNOLOGY INDUSTRY ASSOCIATION, AND OTHER INTERESTED PARTIES, SHALL ADOPT REGULATIONS GOVERNING THE ADMINISTRATION AND APPLICATION OF THE TAX CREDIT UNDER THIS SECTION.

SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect July 1, 1999 and shall be applicable to all taxable years beginning after December 31, 1998.

State of Wisconsin
1999 - 2000 LEGISLATURE

LRB–2934/?
MES&JK...:/...:...

PRELIMINARY DRAFT - NOT READY FOR INTRODUCTION

AN ACT ... **relating to:** creating a nonrefundable income tax and franchise tax credit for information technology 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 a 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.

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:

SECTION 1. 71.05 (6) (a) 15. of the statutes is amended to read:

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

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

71.07 **(5s) INFOFWATIONTECHNOLOGYTRAININGCREDIT.** (a) In this subsection:

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

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

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

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

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

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

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

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

(f) The carry-over provisions of s. 7 1.28 (4) (e) and (f), as they apply to the credit under s. 71.28 (4), apply to the credit under this subsection.

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

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

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

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

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

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

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

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

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

71.28 (5s) **INFORMATIONTECHNOLOGYTFWININGCREDIT.** (a) In this subsection:

1. "Claimant" means a corporation that files a claim under this subsection.

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

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

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

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

1. The employe who received the training as specified under par. (b) is not employed in this state in ~~a~~ an occupation related to information technology within ~~2~~ one year after the employe completes the training as provided under par. (b).

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

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

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

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

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

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

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

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

71.34 (1) (g) An addition shall be made for credits computed by a tax-option corporation under s. 71.28 (Idd), (lde), (ldi), (ldj), (1dL), (Ids), (1dx) ~~and~~, (3) and (5s) and passed through to shareholders.

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

71.45 (2) (a) 10. By adding to federal taxable income the amount of credit computed under s. 71.47 (ldd) to (ldx) and (5s) and not passed through by a partnership, limited liability company or tax-option corporation that has added that amount to the partnership's, limited liability company's or tax-option corporation's income under s. 71.21 (4) or 71.34 (1) (g) and the amount of credit computed under s. 71.47 (l), (3), (4) and (5).

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

71.47 **(5s) INFORMATIONTECHNOLOGYTRAININGCREDIT.** (a) In this subsection:

1. "Claimant" means a corporation that files a claim under this subsection.

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

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

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

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

1. The employe who received the training as specified under par. (b) is not employed in this state in ~~a~~ an occupation related to information technology within ~~2~~ one year after the employe completes the training.

2. The employe who received the training as specified under par. (b) is employed **in this state in** ~~a~~ an occupation related to information technology for less than ~~1~~ one year.

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

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

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

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

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

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

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

77.92 (4) "Net business income", with respect to a partnership, means taxable income as calculated under section 703 of the internal revenue code; plus the items of income and gain under section 702 of the internal revenue code; minus the items of loss and deduction under section 702 of the internal revenue code, except items that are deductible under s. 71.21; plus payments guaranteed treated as not made to partners under section 707 (a) of the internal revenue code; plus the credits claimed under s. 71.07 (2dd), (2de), (2di), (2dj), (2dL), (2dr), (2ds), (2dx) ~~and~~, (3s) and (5s), but excluding income, gain, loss and deductions from farming. "Net business income", with respect to a natural person, estate or trust, means profit from a trade or business for federal income tax purposes and includes net income derived as an employe as defined in section 3121 (d) (3) of the internal revenue code.

WPR: My changes should all be plain text. Please proof w/stats. Thanks!

SECTION 13. Initial applicability.

(1) **INFORMATIONTECHNOLOGYTFUININGCREDIT.** This actfirstappliestotaxable years beginning on January 1 of the year in which this subsection takes effect, except that if this subsection takes effect after July 31 this act first applies to taxable years beginning on January 1 of the year after the year in which this subsection takes effect.

(END)

INSERT A

NOTE including taxable state and municipal bond interest and excluding nontaxable interest income or dividend income from federal government obligations

INSERT B

NOTE and plus or minus, as appropriate, transitional adjustments, depreciation differences and basis differences under s. 71.05 **(13), (15), (16),** (17) and **(** 19)

DRAFTER'S NOTE
FROMTHE
LEGISLATIVE REFERENCE BUREAU

LRB–2934/?dn
MES&JK...../:...

January 10, 2000

Representative Schneider:

1. Please review this draft carefully to ensure that it is consistent with your intent. The instructions do not provide a definition for "information technology". The bill, therefore? provides that "information technology" has the meaning given in section 16.97 (6) of the statutes, which defines information technology as the electronic processing, storage and transmission of information including data processing and telecommunications. Is that consistent with your intent%?

2. The instructions do not specify what type of training is eligible for the credit. Do you want the training to be at a college, university or technical college? Do you want the training to be in this state? Do you want the training to result in the granting of a degree?

3. The instructions do not specify what type of occupations are eligible under the credit. Under the bill, occupations from word processing operator to computer engineer would arguably qualify as "related to information technology". Is that O.K. or do you want to target specific occupations?

Joseph T. Kreye
Legislative Attorney
Phone: (608) 266-2263
E-mail: Joseph.Kreye@legis.state.wi.us

DRAFTER'S Nom
FROM THE
LEGISLATIVE REFERENCE BUREAU

LRB–2934/P1dn
JK:wlj:mrc

January 10, 2000

Representative Schneider:

1. Please review this draft carefully to ensure that it is consistent with your intent. The instructions do not provide a definition for "information technology". The bill, therefore, provides that "information technology" has the meaning given in section 16.97 (6) of the statutes, which defines information technology as. the electronic processing, storage and transmission of information including data processing and telecommunications. Is that consistent with your intent?

2. The instructions do not specify what type of training is eligible for the credit. Do you want the training to be at a college, university or technical college? Do you want the training to be in this state? Do you want the training to result in the granting of a degree?

3. The instructions do not specify what type of occupations are eligible under the credit. Under the bill, occupations from word processing operator to computer engineer would arguably qualify as "related to information technology". Is that O.K. or do you want to target specific occupations?

Joseph T. Kreye
Legislative Attorney
Phone: (608) 266-2263
E-mail: Joseph.Kreye@legis.state.wi.us

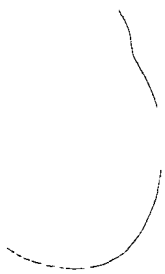
Kreye, Joseph 2934

From: Cook, Lisa
Sent: Thursday, January 13, 2000 2:45 PM
To: Kreye, Joseph

This is in response to the questions you posed to Rep. Schneider re LRB-2934. If these answers are not sufficient, please do not hesitate to contact me at 266-0215.

Rep. Schneider would like the bill to specify the training at colleges, universities and technical colleges. He does want the training to be in Wisconsin and does not want the training to result in the granting of a degree. He does intend that occupations such as word processing operator could qualify as "related to information technology". He does not want to target specific occupations.

Thank You,
Lisa Cook
Office of Rep. Marlin Schneider



State of Wisconsin
1999 - 2000 LEGISLATURE

LRB-2934/P1
MES&JK:wlj:mrc

PRELIMINARY DRAFT - NOT READY FOR INTRODUCTION

1-13-2000

Regen

AN ACT *to amend* 71.05 (6) (a) 15., 71.21 (4), 71.26 (2) (a), 71.34 (1) (g), 71.45 (2) (a) 10. and 77.92 (4); and to *create* 71.07 (5s), 71.10 (4) (gv), 71.26 (5s), 71.30 (3) (eon), 71.47 (5s) and 71.49 (1) (eon) of the statutes; **relating to:** creating a nonrefundable income tax and franchise tax credit for information technology 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.

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:

SECTION 1. 71.05 (6) (a) 15. of the statutes is amended to read:

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

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

71.07 (5s) INFORMATION TECHNOLOGYTRAININGCREDIT (a) In this subsection:

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

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

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

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

3. "Qualified institution" means any university, college, technical college or school approved under s. 38.51 45.54

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

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

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

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

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

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

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

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

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

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

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

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

71.26 (2) (a) ***Corporations in general.*** The "net income" of a corporation means the gross income as computed under the ~~internal revenue code~~ Internal Revenue Code as modified under sub. (3) minus the amount of recapture under s. 71.28 (ldi) plus the amount of credit computed under s. 71.28 (1) and (3) to (5) plus the amount of the credit computed under **s. 71.28 (ldd), (lde),** (1di), **(ldj),** (1dL), **(Ids)** ~~and~~, **(ldx)** and (5s) and not passed through by a partnership, limited liability company or tax-option corporation that has added that amount to the partnership's, limited liability company's or tax-option corporation's income under s. 71.21 (4) or 71.34 **(1)** (g) plus the amount of losses from the sale or other disposition of assets the gain from which would be wholly exempt income, as defined in sub. (3) (L), if the assets were sold or otherwise disposed of at a gain and minus deductions, as computed under the ~~internal revenue code~~ Internal Revenue Code as modified under sub. (3), plus or minus, as appropriate, an amount equal to the difference between the federal basis and Wisconsin basis of any asset sold, exchanged, abandoned or otherwise disposed of in a taxable transaction during the taxable year, except as provided in par. (b) and s. 71.45 (2) and (5).

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

71.28 (5s) **INFORMATIONTECHNOLOGYTRAININGCREDIT.** (a) In this subsection:

1. "Claimant" means a corporation that files a claim under this subsection.

3. "Qualified institution" means any university, college, technical college or school approved under s. 39.30 45.54

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

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

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

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

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

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

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

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

(g) Partnerships, limited liability companies and tax-option corporations may not claim the credit under this subsection, but the eligibility for, and the amount of, the credit are based on their payment of the amount under par. (b). A partnership, limited liability company or tax-option corporation shall compute the amount of

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

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

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

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

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

71.34 (1) (g) An addition shall be made for credits computed by a tax-option corporation under s. 71.28 (ldd), (lde), (ldi), (ldj), (1dL), (Ids), (1dx) ~~and~~, (3) and (5s) and passed through to shareholders.

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

71.45 (2) (a) 10. By adding to federal taxable income the amount of credit computed under s. 71.47 (ldd) to (ldx) and (5s) and not passed through by a partnership, limited liability company or tax-option corporation that has added that amount to the partnership's, limited liability company's or tax-option corporation's income under s. 71.21 (4) or 71.34 (1) (g) and the amount of credit computed under s. 71.47 (l), (3), (4) and (5).

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

71.47 **(5s) INFORMATIONTECHNOLOGYTRAININGCFEDIT** (a) In this subsection:

1. "Claimant" means a corporation that files a claim under this subsection.

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

(b) Subject to the limitations provided in this subsection, a claimant may claim as a credit against the tax imposed under s. 71.43 an amount equal to 50% of the

3. "Qualified institution" means any university, college, technical college or school approved under s. 39.51 to 15.54

amount that the claimant paid during the taxable year for an employe to receive information technology training at a qualified institution.

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

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

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

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

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

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

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

companies and shareholders of- tax-option corporations may claim the credit in proportion to their ownership interest.

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

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

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

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

77.92 (4) "Net business income", with respect to a partnership, means taxable income as calculated under section 703 of the Internal Revenue Code; plus the items of income and gain under section 702 of the Internal Revenue Code, including taxable state and municipal bond interest and excluding nontaxable interest income or dividend income from federal government obligations; minus the items of loss and deduction under section 702 of the Internal Revenue Code, except items that are deductible under s. 71.21; plus guaranteed payments to partners under section 707 (c) of the Internal Revenue Code; plus the credits claimed under s. 71.07 (2dd), (2de), (2di), (2dj), (2dL), (2dr), (2ds), (2dx) ~~and,~~ (3s) and (5s) and plus or minus, as appropriate, transitional adjustments, depreciation differences and basis differences under s. 71.05 (13), (15), (16), (17) and (19); but excluding income, gain, loss and deductions from farming. "Net business income", with respect to a natural person, estate or trust, means profit from a trade or business for federal income tax purposes and includes net income derived as an employe as defined in section 3121 (d) (3) of the Internal Revenue Code.

SECTION 13. Initial applicability.

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

(END)

SUBMITTAL FORM

LEGISLATIVE REFERENCE BUREAU
Legal Section Telephone: 266-3561
5th Floor, 100 N. Hamilton Street

The attached draft is submitted for your inspection. Please check each part carefully, proofread each word, and **sign** on the appropriate line(s) below.

Date: 01/14/2000

To: Representative Schneider

Relating to LRB drafting number: LRB-2934

Topic
Individual and corporate tax credit for technology training

Subject(s)
Tax - individual income, Tax - corp. inc. and fran., Tax Credits - miscellaneous

1. **JACKET** the draft for introduction _____

   in the **Senate** or the **Assembly** (check only one). Only the requester under whose name the drafting request is entered in the LRB's drafting records may authorize the draft to be submitted. Please allow one day for the preparation of the required copies.

2. **REDRAFT.** See the changes indicated or attached _____.

   A revised draft will be submitted for your approval with changes incorporated.

3. Obtain **FISCAL ESTIMATE NOW,** prior to introduction _____

   If the analysis indicates that a fiscal estimate is required because the proposal makes an appropriation or increases or decreases existing appropriations or state or general local government fiscal liability or revenues, you have the option to request the fiscal estimate prior to introduction. If you choose to introduce the proposal without the fiscal estimate, the fiscal estimate will be requested automatically upon introduction. It takes about 10 days to obtain a fiscal estimate. Requesting the fiscal estimate prior to introduction retains your flexibility for possible redrafting of the proposal.

If you have any questions regarding the above procedures, please call 266-3561. If you have any questions relating to the attached draft, please feel free to call me.

Marc E. Shovers, Senior Legislative Attorney
Telephone: (608) 266-0129

State of Wisconsin

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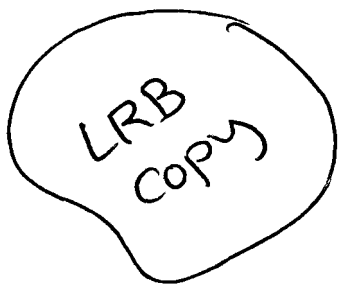

April 4, 2000

MEMORANDUM

To: Representative Schneider

From: Joseph T. Kreye, Legislative Attorney, (608) 266-2263

Subject: Technical Memorandum to **1999 AB** 844 (LRB 99–2934/1)

We received the attached technical memorandum relating to your bill. This copy is for your information and your file. If you wish to discuss this memorandum or the necessity of revising your bill or preparing an amendment, please contact me.

M E M O R A N D U M

April 3, 2000

TO: Joseph Kreye
Legislative Reference Bureau

FROM: Yeang-Eng Braun YEB
Department of Revenue

SUBJECT: Technical Memorandum on AB 844 - Income and Franchise Tax Credit for Information Technology Training

The sponsor may wish to clarify what expenses are included in the credit, in particular, whether it is limited to tuition, or includes books, supplies, room and board, travel or computer equipment as well. In addition, we would find it helpful if the draft indicated whether an entire course of study is included if a person is pursuing an information technology degree, or just the computer-based courses. Similarly, are information technology courses for persons pursuing a non-related degree included in the base of the credit?

Under the draft, a credit may not be claimed for amounts excluded from income under the IRC section 127 educational assistance program because the employer reimbursed the employee for the expenses. The sponsor may wish to clarify that an employee also cannot claim a credit for other amounts that are reimbursed, regardless of whether they are under the educational assistance program.

Sec. 71.08(1) imposing the minimum tax should be amended to include a reference to sec. 71.07(5s). Because of the placement of the credit in sec. 71 .I 0(4), the credit is not considered when determining the minimum tax.

For ease in administration and to avoid confusion, the sponsor may want to cross-reference the definition of "qualified institution" with the existing definition in sec. 71.05(6)(b)28.

The sponsor may wish to clarify provisions of the recapture of credit when an individual is not employed in an information technology occupation. For example, it is unclear what constitutes an information technology occupation. Would it include a receptionist who occasionally uses a word processor or a line worker who occasionally keys in specifications to a computer operated manufacturing machine?

The Department would like to point out that recapture of credit when an individual is not employed in information technology would be extremely difficult to enforce. For example, once a parent receives credit for a child's information technology training, the Department would be required to monitor the work experience, including job descriptions and location, of the child.