

1999 DRAFTING REQUEST

Bill

Received: 10/05/1999

Received By: jkreye

Wanted: As time permits

Identical to LRB:

For: Fred Risser (608) 266-1627

By/Representing:

This file may be shown to any legislator: NO

Drafter: jkreye

May Contact:

Alt. Drafters:

Subject: Tax - corp. inc. and fran.

Extra Copies:

Pre Topic:

No specific pre topic given

Topic:

Limit corporate income tax deduction for compensation paid to an employe

Instructions:

See Attached

Drafting History:

<u>Vers.</u>	<u>Drafted</u>	<u>Reviewed</u>	<u>Typed</u>	<u>Proofed</u>	<u>Submitted</u>	<u>Required</u>
/?	jkreye 10/05/1999	chanaman 10/05/1999		_____		State
/1			jfrantze 10/05/1999	_____	lrb_docadmin 10/05/1999	lrb_docadmin 10/06/1999

FE Sent For:

11-17-99

<END>

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1?	jkreye	cmv 1 10/5	to 10/5	to / KM 10/5			

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<END>

10-5-99

10AM

Senate Rivers office

redraft AB161 (1809/1) as per a
senate bill

(relates to limiting the deductions
for employee wages)

(check tech memo for possible D-N concern)

1999 ASSEMBLY BILL 161

in 10-4-99

NK/jlg
cmh

March 4, 1999 - Introduced by Representatives POCAN, BOCK, SINICKI, MILLER, CARPENTER, BERCEAU, MUSSER, BLACK, PLOUFF, BOYLE, LA FAVE, TURNER, KREUSER, SCHNEIDER, RYBA and CULLEN, cosponsored by Senator RISSER. Referred to Committee on Ways and Means.

refer cat

WPO
please
for topic
line on
request
sheet

1 AN ACT to amend 71.26 (3) (e) 1. of the statutes; relating to: limiting the
2 corporate income tax deduction for compensation paid to an employe.

Analysis by the Legislative Reference Bureau

Under current law, a corporation may deduct from its income tax the compensation paid to its officers and employes. The corporate income tax deduction for compensation paid to executive officers cannot exceed \$1,000,000.

This bill further limits any single corporate income tax deduction for compensation paid to an employe or officer to an amount not to exceed the compensation paid to a corporation's lowest paid full-time employe multiplied by 25.

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:

3 SECTION 1. 71.26 (3) (e) 1. of the statutes is amended to read:
4 71.26 (3) (e) 1. So that payments for wages, salaries, commissions and bonuses
5 of employes and officers may be deducted only if the name, address and amount paid
6 to each resident of this state to whom compensation of \$600 or more has been paid

- 2 -
product of the

1 during the taxable year is reported or if the department of revenue is satisfied that
 2 failure to report has resulted in no revenue loss to this state. A deduction for wages,
 3 salaries, commissions and bonuses paid to an employe or officer shall not exceed an
 4 amount equal to the wages, salaries, commissions and bonuses paid to the
 5 corporation's lowest paid full-time employe multiplied by 25.

6 SECTION 2. Initial applicability.

7 (1) This act first applies to taxable years beginning on January 1 ^{of the year}
 8 ~~in which this subsection takes effect, except that if this subsection takes effect after~~
 9 ~~July 31 this act first applies to taxable years beginning on January 1 of the year~~
 10 ~~following the year in which this subsection takes effect.~~

11

(END)

, 2000

**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: 10/05/1999

To: Senator Risser

Relating to LRB drafting number: LRB-3699

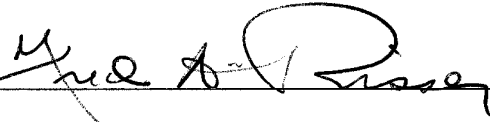
Topic

Limit corporate income tax deduction for compensation paid to an employe

Subject(s)

Tax - corp. inc. and fran.

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.

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