

1999 DRAFTING REQUEST

Bill

Received: 03/07/2000

Received By: jkreye

Wanted: Soon

Identical to LRB:

For: Kevin Shihilski (608) 266-3123

By/Representing: Kristy

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:

Income and franchise tax credit to sponsor and undergraduate student

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>
/1	jkreye 03/08/2000	jgeller 03/08/2000	martykr 03/08/2000	_____	lrb_docadmin 03/08/2000	State
	jkreye 03/13/2000	jgeller 03/14/2000		_____		
/2	jkreye 03/15/2000	jgeller 03/15/2000	haugeca 03/14/2000	_____	lrb_docadmin 03/14/2000	State
/3			kfollet 03/16/2000	_____	lrb_docadmin 03/16/2000	lrb_docadminState 03/16/2000

FE Sent For:

<END>

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/1	jkreye 03/08/2000	kgeller 03/08/2000	martykr 03/08/2000	_____	lrb_docadmin 03/08/2000		State
	jkreye 03/13/2000	kgeller 03/14/2000		_____			
/2		kgeller 03/15/2000	haugeca 03/14/2000	_____	lrb_docadmin 03/14/2000		State
FE Sent For:			KJF 3/15	KJF/km 3/16 <END>			

Handwritten note: For Senate per JK

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/1	jkreye 03/08/2000	jgeller 03/08/2000	martykr 03/08/2000	_____	lrb_docadmin 03/08/2000		State

Handwritten notes in the Drafting History table:

- Under Reviewed: 1/2 3/13 jg
- Under Typed: CH 3-14
- Under Proofed: CH 3-14, JF

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<END>

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1?	jkreye	1/1 3/8 jkg	1/3 1/8	Self 3/14			

FE Sent For:

<END>

Christy - Sen Shilbiski 6-3/23

proposal in JFC = with revisions re: to needy child

Christy will fax materials

meeting ~ 3:30pm - 5:00pm //

compare s. 39.435 to TIP grant eligibility

} much narrower

"uniquely needy"

take out the study abroad credit

take out transportation



State Senator Kevin Shibilski

FAX

Date: 3/7/08 Total Pages: 4
 To: Joe Cey Fax:
 From:



Message: For immediate delivery

be could you compare these eligibility
 guidelines against WNEG & tell me how
 similar / dissimilar they are? Kevin wants
 a large pool of eligible students,

**STATE OF WI, DEPARTMENT OF PUBLIC INSTRUCTION
WISCONSIN EDUCATIONAL OPPORTUNITY PROGRAMS
TALENT INCENTIVE PROGRAM (TIP) GRANT
STUDENT ELIGIBILITY CRITERIA SHEET**

PLEASE PRINT

NAME (Last, First, MI)	SOCIAL SECURITY #		DATE
ADDRESS	CITY	STATE	ZIP CODE
TELEPHONE #	OFFICE USE ONLY		WEOP CODE

SECTION I - PURPOSE OF THE TIP GRANT

The purpose of the TIP is to provide grant awards to uniquely needy students to attend an institution of higher education in the state of Wisconsin. The grant is designed to help improve the opportunity for access, retention, and graduation, and to lessen the burden of student debt. The minimum award a freshman can receive is \$600 and the maximum award is \$1,800.

SECTION II - ELIGIBILITY CRITERIA

To be eligible for an initial TIP Grant award, a student must be a Wisconsin resident, a first-time freshman student, and meet at least one criterion under Group A: Financial Need Criteria, and one criterion under Group B: Non-Traditional/Disadvantaged Criteria.

GROUP A: FINANCIAL NEED CRITERIA (Please Check All That Apply)

- 1. a. A dependent student whose expected parent contribution is \$200 or less.
- b. An independent student with family whose academic year contribution is \$200 or less.
- c. A single independent student with a maximum contribution of \$1,200.
- 2. a. A dependent student whose family is receiving AFDC benefits.
- b. An independent student who is receiving AFDC benefits.
- 3. a. A dependent student whose parent(s) are ineligible for unemployment compensation and has/have no current income from employment.
- b. An independent student and spouse, if married, who is/are ineligible for unemployment compensation and has/have no current income from employment.

GROUP B: NON-TRADITIONAL/DISADVANTAGED CRITERIA (Please Check All That Apply)

- 1. The student is a member of one of the following minority groups:
 a) Black b) Hispanic c) Southeast Asian d) Native American (circle only one).
- 2. A student is or will be enrolled in a special academic support program due to insufficient academic preparation.
- 3. The student is a first-generation post-secondary student: (neither parent graduated from a four-year college or university).
- 4. The student is handicapped according to department of workforce development, division of vocational rehabilitation records.
- 5. The student is currently or was formerly incarcerated in a correctional institution.
- 6. The student's environmental and academic background are such that they deter the pursuit of educational plans.

NOTE: STUDENTS THAT FILE FOR FINANCIAL AID AS A DEPENDENT STUDENT MUST HAVE PARENT'S SIGNATURE

IMPORTANT NOTE: Eligible students can receive up to 10 semesters of eligibility for most State of Wisconsin college grant and federal financial aid programs. Once these 10 semesters of eligibility are used, no additional eligibility is available, regardless of the academic progress made, e.g. completion of diploma, certificate, associate or baccalaureate degree. Questions, please call your financial aid office or call WEOP at (414) 227-4466.

STUDENT SIGNATURE	DATE	PARENT SIGNATURE	DATE
--------------------------	-------------	-------------------------	-------------

**STATE OF WI, DEPARTMENT OF PUBLIC INSTRUCTION
WISCONSIN EDUCATIONAL OPPORTUNITY PROGRAMS (WEOP)**

TALENT INCENTIVE PROGRAM (TIP) GRANT INFORMATION SHEET

SECTION I: PURPOSE OF THE TIP GRANT

The purpose of the TIP is to provide grant awards to uniquely needy students to attend an institution of higher education in the state of Wisconsin. The grant is designed to help improve the opportunity for access, retention, and to lessen the burden of student debt. The minimum award a freshman can receive is \$600 with the maximum award being \$1,800.

SECTION II - ELIGIBILITY CRITERIA

To be eligible for an initial TIP Grant award, a student must be a Wisconsin resident, a first-time freshman student, and meet at least one criterion under Group A: Financial Need Criteria, and one criterion under Group B: Non-Traditional/Disadvantaged Criteria.

GROUP A: FINANCIAL NEED CRITERIA

1. a. A dependent student whose expected academic year parent contribution is \$200 or less.
- b. An independent student with dependents whose contribution is \$200 or less.
- c. A single independent student with a maximum contribution of \$1200.
2. a. A dependent student whose family is receiving AFDC benefits.
- b. An independent student who is receiving AFDC benefits.
3. a. A dependent student whose parent(s) is/are ineligible for unemployment compensation and has/have no current income from employment.
- b. An independent student, and spouse if married, is/are ineligible for unemployment compensation and has/have no current income employment.

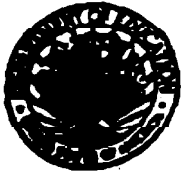
GROUP B: NON-TRADITIONAL/DISADVANTAGED CRITERIA

1. The student is a member of one of the following minority groups:
a) Black b) Hispanic c) Southeast Asian d) Native American (circle only one).
2. A student is or will be enrolled in a special academic support program due to insufficient academic preparation.
3. The student is a first-generation post-secondary student: (neither parent graduated from a four-year college or university).
4. The student is handicapped according to department of workforce development, division of vocational rehabilitation records.
5. The student is currently or was formerly incarcerated in a correctional institution.
6. The student's environmental and academic background are such that they deter the pursuit of educational plans.

SECTION III - CONTINUED TALENT INCENTIVE GRANT ELIGIBILITY

1. To continue to receive a grant after the freshman year, the student shall maintain half-time status per academic term and academic progress toward a degree, diploma or certificate as determined by the institution the student is attending.
2. The student shall maintain continuous enrollment from semester to semester or quarter to quarter, to remain eligible for a grant award for the sophomore, junior and senior year. Exceptions to this requirement shall be made by the Wisconsin Higher Educational Aids Board (HEAB) and will be for illnesses or disabilities which prevent attendance. All such exceptions will be certified by a doctor. No more than 12 months exception from the continuous enrollment requirement will be authorized.

*******IMPORTANT NOTE:** Eligible students can receive up to 10 semesters of eligibility for most State of Wisconsin college grant and federal financial aid programs. Once these 10 semesters of eligibility are used, no additional eligibility is available, regardless of the academic progress made, e.g. completion of diploma, certificate, associate or baccalaureate degree. Questions? Please call your financial aid office or call WEOP at (414) 227-4466.



UNITED STATES DEPARTMENT OF EDUCATION

WASHINGTON, D.C. 20202

**Federal TRIO Programs
1999 Annual Low Income Levels**
Effective March 1999 until further notice

Size of Family Unit	48 Contiguous States D.C., and Outlying Jurisdictions	Alaska	Hawaii
1	\$12,360	\$15,480	\$14,235
2	\$16,590	\$20,760	\$19,095
3	\$20,820	\$26,040	\$23,955
4	\$25,050	\$31,320	\$28,815
5	\$29,280	\$36,600	\$33,675
6	\$33,510	\$41,880	\$38,535
7	\$37,740	\$47,160	\$43,395
8	\$41,970	\$52,440	\$48,255

For family units with more than 8 members, add the following amount for each additional family member: \$4,230 for the 48 Contiguous States, the District of Columbia and outlying jurisdictions; \$5,380 for Alaska; and \$4,860 for Hawaii.

The figures shown under family income represent amounts equal to 150% of the family income levels established by the Census Bureau for determining poverty status. The poverty guidelines were published under the U.S. Department of Health and Human Services in the *Federal Register*, Vol. 64, No. 52, March 18, 1999, pages 13428-13430.

****NOTE:** ALL NOMINATIONS RECEIVED THAT EXCEED THE LOW-INCOME LEVELS FOR THAT FAMILY SIZE BY MORE THAN FIVE THOUSAND DOLLARS (\$5,000.00), WILL BE RETURNED TO THE OFFICE MAKING THE NOMINATION FOR ADDITIONAL BACKGROUND INFORMATION OR RECONSIDERATION.



State Senator **Kevin Shibilski**

FAX

Date: 3/1 Total Pages: 3
To: Joe Cry Fax: _____
From: Kristh Winters



Message: _____

**Legislative Fiscal Bureau**

One East Main, Suite 301 • Madison, WI 53703 • (608) 266-3847 • Fax: (608) 267-6873

4-8522

May 21, 1999

TO: Senator Kevin Shibilski
Room 10 South, State Capitol

FROM: Ron Shanovich, Fiscal Analyst

SUBJECT: Foreign Study Tax Credit

At your request I am providing information about a proposed tax credit for businesses that sponsor post-secondary students to study in foreign countries.

Under the proposal, a tax credit of \$1,000 would be provided under the individual and corporate income and franchise taxes for eligible expenses incurred by a business to sponsor an eligible student to attend a post-secondary educational institution in a foreign country. Eligible expenses would include transportation costs, room and board, books, tuition and other expenses related to attending school in a foreign country. A business would be required to pay a minimum of \$3,000 of such expenses to claim the tax credit. An eligible student would be a full-time undergraduate student enrolled in a public Wisconsin post-secondary institution who would be eligible for a grant under the Wisconsin Higher Education Grant (WHEG) program.

The credit would be available to corporations, sole proprietors, partners, tax-option corporation shareholders and limited liability company (LLC) members. A partnership, tax-option corporation or LLC would be required to compute the amount of credit that each of its partners, shareholders or members may claim and provide that information to them. Partners, members of limited liability companies and shareholders of tax-option corporations would claim the credit in proportion to their ownership interest. Unused credit amounts could be carried forward up to 15 years to offset future tax liabilities. The credit would be effective for tax years beginning on January 1, 2000. It is estimated that the proposed tax credit would have a minimal fiscal effect in the 1999-2001 biennium.

I hope this information is helpful. Please contact me if you have additional questions.

RS/sas

Senator Shibilski

**GENERAL FUND TAXES – INDIVIDUAL AND
CORPORATE INCOME AND FRANCHISE TAXES****Foreign Study Tax Credit****Motion:**

Move to provide, for tax years beginning on or after January 1, 2000, a tax credit of \$1,000 under the individual and corporate income and franchise taxes for eligible expenses incurred by a business to sponsor an eligible student to attend a post-secondary educational institution in a foreign country. Include as eligible expenses transportation costs, room and board, books, tuition and other expenses related to attending school in a foreign country. Require a business to pay a minimum of \$3,000 of such expenses to claim the tax credit. Define an eligible student as a full-time undergraduate student enrolled in a Wisconsin public post-secondary institution who would be eligible for a grant under the Wisconsin Higher Education Grant (WHEG) program.

Provide the credit to corporations, sole proprietors, partners, tax-option corporation shareholders and limited liability company (LLC) members. Require a partnership, tax-option corporation or LLC to compute the amount of credit that each of its partners, shareholders or members may claim and provide that information to them. Authorize partners, members of limited liability companies and shareholders of tax-option corporations to claim the credit in proportion to their ownership interest. Provide that unused credit amounts could be carried forward up to 15 years to offset future tax liabilities.

Note:

Wisconsin provides its own corporate income tax credits for certain business expenditures. State corporate income tax credits include the manufacturing sales tax credit for fuel and electricity, research and research facilities credits, farmland preservation credit, farmland tax relief credit, community development finance credit and development zones credit. The state development zone tax credit can be claimed by eligible taxpayers that conduct business operations in development and enterprise development zones.

This motion would provide a \$1,000 state tax credit for certain expenses incurred by a corporation to sponsor an eligible student to attend school in a foreign country. The motion would have a minimal fiscal effect.



State of Wisconsin
1999 - 2000 LEGISLATURE

LRB-4692/1

JK:.....

JG

1999 BILL

m 3-8-2000

SOON

gen

1 AN ACT ...; relating to: an income tax and franchise tax credit for expenses paid
2 on behalf of an undergraduate student. ✓

Analysis by the Legislative Reference Bureau

This bill creates an income tax and franchise tax credit for a business that pays a student's school related expenses, including room and board, books and tuition, if the student is a full-time undergraduate student enrolled in the University of Wisconsin system and is eligible for a Wisconsin higher education grant. The amount of the credit is \$1,000 in a taxable year, if the business pays at least \$3,000 of the student's expenses in the same taxable year.

Partnerships, limited liability companies and tax-option corporations compute the credit but pass it on to the partners, members and shareholders in proportion to their ownership interests. If the credit exceeds the business's tax liability, the state will not issue a refund check, but the credit may be carried forward to later taxable years.

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

BILL

SECTION 1

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

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

7 71.07 (5d) STUDENT SPONSORSHIP CREDIT. (a) In this subsection:

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

11 2. "Qualified expenses" means expenses related to attending school including
12 room and board, books and tuition.

13 (b) A claimant may claim as a credit against the tax imposed under s. 71.02 an
14 amount equal to \$1,000 if all of the following apply:

15 1. The claimant pays at least \$3,000 in qualified expenses in the taxable year
16 on behalf of a student.

17 2. The student under subd. 1. is a full-time undergraduate student enrolled in
18 the University of Wisconsin System.

19 3. The student under subd. 1. is eligible for a Wisconsin higher education grant
20 under s. 39.435.

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

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

BILL

1 (e) Partnerships, limited liability companies and tax-option corporations may
2 not claim the credit under this subsection, but the eligibility for, and the amount of,
3 the credit are based on their payment of qualified expenses under par. (b) 1. A
4 partnership, limited liability company or tax-option corporation shall compute the
5 amount of credit that each of its partners, members or shareholders may claim and
6 shall provide that information to each of them. Partners, members of limited liability
7 companies and shareholders of tax-option corporations may claim the credit in
8 proportion to their ownership interest.

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

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

12 71.10 (4) (cp) The student sponsorship credit under s. 71.07 (5d).

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

14 71.26 (2) (a) *Corporations in general.* The “net income” of a corporation means
15 the gross income as computed under the internal revenue code as modified under
16 sub. (3) minus the amount of recapture under s. 71.28 (1di) plus the amount of credit
17 computed under s. 71.28 (1) and (3) to (5) plus the amount of the credit computed
18 under s. 71.28 (1dd), (1de), (1di), (1dj), (1dL), (1ds) and (1dx) and (5d) and not passed
19 through by a partnership, limited liability company or tax-option corporation that
20 has added that amount to the partnership’s, limited liability company’s or tax-option
21 corporation’s income under s. 71.21 (4) or 71.34 (1) (g) plus the amount of losses from
22 the sale or other disposition of assets the gain from which would be wholly exempt
23 income, as defined in sub. (3) (L), if the assets were sold or otherwise disposed of at
24 a gain and minus deductions, as computed under the internal revenue code as
25 modified under sub. (3), plus or minus, as appropriate, an amount equal to the

BILL

SECTION 4

1 difference between the federal basis and Wisconsin basis of any asset sold,
2 exchanged, abandoned or otherwise disposed of in a taxable transaction during the
3 taxable year, except as provided in par. (b) and s. 71.45 (2) and (5).

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

5 71.28 (5d) STUDENT SPONSORSHIP CREDIT. (a) In this subsection:

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

7 2. "Qualified expenses" means expenses related to attending school including
8 room and board, books and tuition.

9 (b) A claimant may claim as a credit against the tax imposed under s. 71.23 an
10 amount equal to \$1,000 if all of the following apply:

11 1. The claimant pays at least \$3,000 in qualified expenses in the taxable year
12 on behalf of a student.

13 2. The student under subd. 1. is a full-time undergraduate student enrolled in
14 the University of Wisconsin System.

15 3. The student under subd. 1. is eligible for a Wisconsin higher education grant
16 under s. 39.435.

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

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

22 (e) Partnerships, limited liability companies and tax-option corporations may
23 not claim the credit under this subsection, but the eligibility for, and the amount of,
24 the credit are based on their payment of qualified expenses under par. (b) 1. A
25 partnership, limited liability company or tax-option corporation shall compute the

BILL

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

5 (f) Subection (4) (g) and (h), as it applies to the credit under sub. (4), applies to
6 the credit under this subsection.

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

8 71.30 (3) (dm) The student sponsorship credit under s. 71.28 (5d).

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

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

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

17 71.47 (5d) STUDENT SPONSORSHIP CREDIT. (a) In this subsection:

- 18 1. "Claimant" means a corporation that files a claim under this subsection.
19 2. "Qualified expenses" means expenses related to attending school including
20 room and board, books and tuition.

21 (b) A claimant may claim as a credit against the tax imposed under s. 71.43 an
22 amount equal to \$1,000 if all of the following apply:

- 23 1. The claimant pays at least \$3,000 in qualified expenses in the taxable year
24 on behalf of a student.

BILL

SECTION 8

1 2. The student under subd. 1. is a full-time undergraduate student enrolled in
2 the University of Wisconsin System.

3 3. The student under subd. 1. is eligible for a Wisconsin higher education grant
4 under s. 39.435.

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

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

10 (e) Partnerships, limited liability companies and tax-option corporations may
11 not claim the credit under this subsection, but the eligibility for, and the amount of,
12 the credit are based on their payment of qualified expenses under par. (b) 1. A
13 partnership, limited liability company or tax-option corporation shall compute the
14 amount of credit that each of its partners, members or shareholders may claim and
15 shall provide that information to each of them. Partners, members of limited liability
16 companies and shareholders of tax-option corporations may claim the credit in
17 proportion to their ownership interest.

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

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

21 71.49 (1) (dm) The student sponsorship credit under s. 71.47 (5d).

22 **SECTION 10.** 77.92 (4) of the statutes, as affected by 1999 Wisconsin Act 9, is
23 amended to read:

24 77.92 (4) "Net business income", with respect to a partnership, means taxable
25 income as calculated under section 703 of the Internal Revenue Code; plus the items

BILL

1 of income and gain under section 702 of the Internal Revenue Code, including taxable
2 state and municipal bond interest and excluding nontaxable interest income or
3 dividend income from federal government obligations; minus the items of loss and
4 deduction under section 702 of the Internal Revenue Code, except items that are not
5 deductible under s. 71.21; plus guaranteed payments to partners under section 707
6 (c) of the Internal Revenue Code; plus the credits claimed under s. 71.07 (2dd), (2de),
7 (2di), (2dj), (2dL), (2dr), (2ds), (2dx) ~~and~~, (3s) and (5d); and plus or minus, as
8 appropriate, transitional adjustments, depreciation differences and basis
9 differences under s. 71.05 (13), (15), (16), (17) and (19); but excluding income, gain,
10 loss and deductions from farming. "Net business income", with respect to a natural
11 person, estate or trust, means profit from a trade or business for federal income tax
12 purposes and includes net income derived as an employe as defined in section 3121
13 (d) (3) of the Internal Revenue Code.

SECTION 11. Initial applicability.

14
15 (1) This act first applies to taxable years beginning on January 1, 2000.

16 (END)

Kreye, Joseph

From: Winters, Kristi
Sent: Monday, March 13, 2000 10:52 AM
To: Kreye, Joseph

4692

Hi Joe,

I cannot, for the live of me, find that original memo I was working on, so here are the changes and notes:

- 1) Wisconsin private colleges are to be included, the students must qualify for the Wisconsin Tuition Grant in order to be part of the program.
- 2) On the public side, only University of Wisconsin System Colleges and Universities are can be part of the program, not technical colleges.
- 3) The minimum to participate is \$3,000 but the Senator does not want to see a cap in participation. With the inclusion of private colleges, it should be expanded so that a business could provide \$6,000 to a single student or two \$3,000 scholarships and receive a \$2,000 credit.
- 4) I am going to be talking with the HEAB Executive Secretary later today about making sure that the money is seen as a one-time gift on a student's estimated family contribution so that they are not pushed out of the need category for the following year if they receive a substantial scholarship. If that language needs to be included in the language of the bill, I will provide you with it.
- 5) A business may claim a student for the credit for up to ten semesters. (That's the standard aid time, so we're copying it)

~~On the issue of the work experience component, state statute 106.13(4) (b) detail the school-to-work program for high school students. The Senator would like to use it's language as the basis of providing a business credit for providing paid work experience to needy students.~~

~~Again, the public and private undergraduates would have to qualify as needy under their respective programs. The businesses must pay them for their work and the students can be employed full-time when school is not in session, but no more than 10 hours a week when school is in session (we haven't discussed a minimum number of hours per semester that a student must work in order to qualify, but I will ask the Senator.~~

~~The business would qualify for a \$500 tax credit and a business may claim a student for the credit for up to ten semesters.~~

~~Please draft the work component as a separate bill, and let me know when you have an LRB number so I can have it added to the Senate calendar for the 22nd.~~

~~I think having the model language should help cut down on the work, thanks so much!~~

~~Kristi~~

eligible for WHEG — but only in the first year.



1999 BILL

in 3-13-2000
3-14 Tues NOON
Regen

✓ or is a full-time undergraduate student enrolled in a private college or university in this state and is eligible for a talent incentive grant for needy students

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: an income tax and franchise tax
4 credit for expenses paid on behalf of an undergraduate student.

on whose behalf the business pays expenses

either
Analysis by the Legislative Reference Bureau

This bill creates an income tax and franchise tax credit for a business that pays a student's school related expenses, including room and board, books and tuition, if the student is a full-time undergraduate student enrolled in the University of Wisconsin System and is eligible for a Wisconsin higher education grant. The amount of the credit is \$1,000 in a taxable year if the business pays at least \$3,000 of the student's expenses in the same taxable year.

Partnerships, limited liability companies and tax-option corporations compute the credit but pass it on to the partners, members and shareholders in proportion to their ownership interests. If the credit exceeds the business's tax liability, the state will not issue a refund check, but the credit may be carried forward to later taxable years.

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:

for every \$3,000 of the student's expenses that the business pays in the taxable year, except that the credit may not exceed \$2,000 for each student in the taxable year. The business may only claim credits for expenses that are paid for the first two semesters that the student is enrolled as an undergraduate

BILL

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 (5d) 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 (5d) of the statutes is created to read:

8 71.07 (5d) STUDENT SPONSORSHIP CREDIT. (a) In this subsection:

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

12 2. "Qualified expenses" means expenses related to attending school including
13 room and board, books and tuition.

14 ~~(b) A claimant may claim as a credit against the tax imposed under s. 71.02 an
15 amount equal to \$1,000 if all of the following apply:~~

16 ~~1. The claimant pays at least \$3,000 in qualified expenses in the taxable year
17 on behalf of a student.~~

18 ~~2. The student under subd. 1. is a full-time undergraduate student enrolled in
19 the University of Wisconsin System.~~

20 ~~3. The student under subd. 1. is eligible for a Wisconsin higher education grant
21 under s. 39.435.~~

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

INSERT 2-21 ✓

BILL

1 (d) 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 (e) 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 qualified expenses under par. (b) 1. A
6 partnership, limited liability company or tax-option corporation shall compute the
7 amount of credit that each of its partners, members or shareholders may claim and
8 shall 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 (f) 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 3.** 71.10 (4) (cp) of the statutes is created to read:

14 71.10 (4) (cp) The student sponsorship credit under s. 71.07 (5d).

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

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

BILL

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

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

7 **71.28 (5d) STUDENT SPONSORSHIP CREDIT.** (a) In this subsection:

- 8 1. "Claimant" means a corporation that files a claim under this subsection.
- 9 2. "Qualified expenses" means expenses related to attending school including
 10 room and board, books and tuition.

11 (b) A claimant may claim as a credit against the tax imposed under s. 71.23 an
 12 amount equal to \$1,000 if all of the following apply:

- 13 1. The claimant pays at least \$5,000 in qualified expenses in the taxable year
 14 on behalf of a student.
- 15 2. The student under subd. 1. is a full-time undergraduate student enrolled in
 16 the University of Wisconsin System.
- 17 3. The student under subd. 1. is eligible for a Wisconsin higher education grant
 18 under s. 39.435.

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

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

24 (e) Partnerships, limited liability companies and tax-option corporations may
 25 not claim the credit under this subsection, but the eligibility for, and the amount of,

INSERT 4-18 ✓

BILL

1 the credit are based on their payment of qualified expenses under par. (b) 1. A
2 partnership, limited liability company or tax-option corporation shall compute the
3 amount of credit that each of its partners, members or shareholders may claim and
4 shall provide that information to each of them. Partners, members of limited liability
5 companies and shareholders of tax-option corporations may claim the credit in
6 proportion to their ownership interest.

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

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

10 71.30 (3) (dm) The student sponsorship credit under s. 71.28 (5d).

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

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

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

19 71.47 (5d) STUDENT SPONSORSHIP CREDIT. (a) In this subsection:

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

21 2. "Qualified expenses" means expenses related to attending school including
22 room and board, books and tuition.

23 ~~(b) A claimant may claim as a credit against the tax imposed under s. 71.43 an~~
24 ~~amount equal to \$1,000 if all of the following apply:~~

BILL

1 1. The claimant pays at least \$3,000 in qualified expenses in the taxable year
2 on behalf of a student.

3 2. The student under subd. 1. is a full-time undergraduate student enrolled in
4 the University of Wisconsin System.

5 3. The student under subd. 1. is eligible for a Wisconsin higher education grant
6 under s. 39.435.

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

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

12 (e) Partnerships, limited liability companies and tax-option corporations may
13 not claim the credit under this subsection, but the eligibility for, and the amount of,
14 the credit are based on their payment of qualified expenses under par. (b) 1. A
15 partnership, limited liability company or tax-option corporation shall compute the
16 amount of credit that each of its partners, members or shareholders may claim and
17 shall provide that information to each of them. Partners, members of limited liability
18 companies and shareholders of tax-option corporations may claim the credit in
19 proportion to their ownership interest.

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

23 71.49 (1) (dm) The student sponsorship credit under s. 71.47 (5d).

24 SECTION 10. 77.92 (4) of the statutes, as affected by 1999 Wisconsin Act 9, is
25 amended to read:

INSERT 6-6 ✓

BILL

1 77.92 (4) “Net business income”, with respect to a partnership, means taxable
2 income as calculated under section 703 of the Internal Revenue Code; plus the items
3 of income and gain under section 702 of the Internal Revenue Code, including taxable
4 state and municipal bond interest and excluding nontaxable interest income or
5 dividend income from federal government obligations; minus the items of loss and
6 deduction under section 702 of the Internal Revenue Code, except items that are not
7 deductible under s. 71.21; plus guaranteed payments to partners under section 707
8 (c) of the Internal Revenue Code; plus the credits claimed under s. 71.07 (2dd), (2de),
9 (2di), (2dj), (2dL), (2dr), (2ds), (2dx) and, (3s) and (5d); and plus or minus, as
10 appropriate, transitional adjustments, depreciation differences and basis
11 differences under s. 71.05 (13), (15), (16), (17) and (19); but excluding income, gain,
12 loss and deductions from farming. “Net business income”, with respect to a natural
13 person, estate or trust, means profit from a trade or business for federal income tax
14 purposes and includes net income derived as an employe as defined in section 3121
15 (d) (3) of the Internal Revenue Code.

SECTION 11. Initial applicability.

16
17 (1) This act first applies to taxable years beginning on January 1, 2000. ✓

18 (END)

Insert 2 - 21

1 3. "Qualified student" means any of the following:

2 a. A student who is a [✓]full-time undergraduate student enrolled in the
3 University of Wisconsin system and who is eligible for a Wisconsin higher education
4 grant under s. 39.435 for the first 2 semesters that the student is enrolled.

5 b. A student who is a full-time undergraduate student enrolled in a regionally
6 accredited [✓]4-year private college or university in this state and who is eligible for a
7 talent incentive grant under s. 39.435 (2) [✓] for the first 2 semesters that the student
8 is enrolled.

9 (b) Subject to the limitations provided in this subsection, [✓]a claimant may claim
10 as a credit against the tax imposed under s. 71.02 [✓]an amount equal to \$1,000 [✓]for every
11 \$3,000 of qualified expenses that the claimant pays on behalf of a qualified student
12 in a taxable year, except that the amount of the credit may not exceed \$2,000 for each
13 qualified student on whose behalf the claimant pays qualified expenses.

14 (c) A claimant may only claim credits under par. (b) [✓]for qualified expenses that
15 are paid for the first 10 [✓]semesters that the qualified student is enrolled as an
16 undergraduate.

Insert 4 - 18

17 3. "Qualified student" means any of the following:

18 a. A student who is a [✓]full-time undergraduate student enrolled in the
19 University of Wisconsin system and who is eligible for a Wisconsin higher education
20 grant under s. 39.435 for the first 2 semesters that the student is enrolled.

21 b. A student who is a full-time undergraduate student enrolled in a regionally
22 accredited 4-year private college or university in this state and who is eligible for a

1 talent incentive grant under s. 39.435 (2)✓ for the first 2 semesters that the student
2 is enrolled.

3 (b) Subject to the limitations provided in this subsection, a claimant may claim
4 as a credit against the tax imposed under s. 71.23✓ an amount equal to \$1,000✓ for every
5 \$3,000 of qualified expenses that the claimant pays on behalf of a qualified student
6 in a taxable year, except that the amount of the credit may not exceed \$2,000✓ for each
7 qualified student on whose behalf the claimant pays qualified expenses.

8 (c) A claimant may only claim credits under par. (b)✓ for qualified expenses that
9 are paid for the first 10 semesters that the qualified student is enrolled as an
10 undergraduate.

Insert 6 - 6

11 3. "Qualified student" means any of the following:

12 a. A student who is a full-time undergraduate student enrolled in the
13 University of Wisconsin system and who is eligible for a Wisconsin higher education
14 grant under s. 39.435 for the first 2 semesters that the student is enrolled.

15 b. A student who is a full-time undergraduate student enrolled in a regionally
16 accredited✓ 4-year private college or university in this state and who is eligible for a
17 talent incentive grant under s. 39.435 (2) for the first 2 semesters that the student
18 is enrolled.

19 (b) Subject to the limitations provided in this subsection, a claimant may claim
20 as a credit against the tax imposed under s. 71.43✓ an amount equal to \$1,000 for every
21 \$3,000 of qualified expenses that the claimant pays on behalf of a qualified student
22 in a taxable year, except that the amount of the credit may not exceed \$2,000✓ for each
23 qualified student on whose behalf the claimant pays qualified expenses.

1 (c) A claimant may only claim credits under par. (b)✓ for qualified expenses that
2 are paid for the first 10 semesters that the qualified student is enrolled as an
3 undergraduate.

Kreye, Joseph

From: Winters, Kristi
Sent: Wednesday, March 15, 2000 9:32 AM
To: Kreye, Joseph

Hi Joe,

A few things. First, thanks again for getting the draft to me so quickly.

Second, could we remove the "may not exceed \$2,000 for each student on whose behalf the business pays expenses in the taxable year."

Third, would the phrase "The business may only claim credits for expenses that are paid for the *first ten semesters* that the student is enrolled . . ." would that mean the student's first through tenth semester? For instance, would that language eliminate a junior or senior from qualifying? Could we say "up to ten semesters" or "for no more than ten semesters"?

Also, does this language permit a business to continue assisting a student who qualified for the WHEG or TG to continue being claimed under the credit even if they no longer qualify in the following year?

Thanks for answering my questions,

Kristi

4692



State of Wisconsin
1999 - 2000 LEGISLATURE

LRB-4692/2

JK:jl:ch

3

1999 BILL

m 3-15-2000

SOON

Regen

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: an income tax and franchise tax
 4 credit for expenses paid on behalf of an undergraduate student.

Analysis by the Legislative Reference Bureau

This bill creates an income tax and franchise tax credit for a business that pays a student's school related expenses, including room and board, books and tuition, if the student is either a full-time undergraduate student enrolled in the University of Wisconsin System and is eligible for a Wisconsin higher education grant or is a full-time undergraduate student enrolled in a private college or university in this state and is eligible for a talent incentive grant for needy students. The amount of the credit is \$1,000 for every \$3,000 of the student's expenses that the business pays in the taxable year, ~~except that the credit may not exceed \$2,000 for each student on whose behalf the business pays expenses in the taxable year.~~ The business may ~~only~~ claim credits for expenses that are paid for the first ten semesters that the student is enrolled as an undergraduate.

Partnerships, limited liability companies and tax-option corporations compute the credit but pass it on to the partners, members and shareholders in proportion to their ownership interests. If the credit exceeds the business's tax liability, the state will not issue a refund check, but the credit may be carried forward to later taxable years.

no more than ✓

BILL

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 (5d) 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 (5d) of the statutes is created to read:

8 71.07 (5d) STUDENT SPONSORSHIP CREDIT. (a) In this subsection:

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

12 2. "Qualified expenses" means expenses related to attending school including
13 room and board, books and tuition.

14 3. "Qualified student" means any of the following:

15 a. A student who is a full-time undergraduate student enrolled in the
16 University of Wisconsin System and who is eligible for a Wisconsin higher education
17 grant under s. 39.435 for ~~the first~~ ^{at least} 2 semesters that the student is enrolled.

18 b. A student who is a full-time undergraduate student enrolled in a regionally
19 accredited 4-year private college or university in this state and who is eligible for a
20 talent incentive grant under s. 39.435 (2) for ~~the first~~ ^{at least} 2 semesters that the student
21 is enrolled.

BILL

1 (b) Subject to the limitations provided in this subsection, a claimant may claim
2 as a credit against the tax imposed under s. 71.02 an amount equal to \$1,000 for every
3 \$3,000 of qualified expenses that the claimant pays on behalf of a qualified student
4 in a taxable year, ~~except that the amount of the credit may not exceed \$2,000 for each~~
5 ~~qualified student on whose behalf the claimant pays qualified expenses.~~

6 (c) A claimant may ~~also~~ claim credits under par. (b) for qualified expenses that
7 are paid for ~~the first~~ 10 semesters that the qualified student is enrolled as an
8 undergraduate. *no more than*

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

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

14 (f) Partnerships, limited liability companies and tax-option corporations may
15 not claim the credit under this subsection, but the eligibility for, and the amount of,
16 the credit are based on their payment of qualified expenses under par. (b) 1. A
17 partnership, limited liability company or tax-option corporation shall compute the
18 amount of credit that each of its partners, members or shareholders may claim and
19 shall provide that information to each of them. Partners, members of limited liability
20 companies and shareholders of tax-option corporations may claim the credit in
21 proportion to their ownership interest.

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

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

25 71.10 (4) (cp) The student sponsorship credit under s. 71.07 (5d).

BILL

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

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

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

18 71.28 (5d) **STUDENT SPONSORSHIP CREDIT.** (a) In this subsection:

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

20 2. “Qualified expenses” means expenses related to attending school including
21 room and board, books and tuition.

22 3. “Qualified student” means any of the following:

23 a. A student who is a full-time undergraduate student enrolled in the
24 University of Wisconsin System and who is eligible for a Wisconsin higher education
grant under s. 39.435 for ~~the first~~ ^{at least} 2 semesters that the student is enrolled.

BILL

1 b. A student who is a full-time undergraduate student enrolled in a regionally
2 accredited 4-year private college or university in this state and who is eligible for a
3 talent incentive grant under s. 39.435 (2) for ~~the first~~ 2 semesters that the student
4 is enrolled. *at least*

5 (b) Subject to the limitations provided in this subsection, a claimant may claim
6 as a credit against the tax imposed under s. 71.23 an amount equal to \$1,000 for every
7 \$3,000 of qualified expenses that the claimant pays on behalf of a qualified student
8 in a taxable year, ~~except that the amount of the credit may not exceed \$2,000 for each~~
9 ~~qualified student on whose behalf the claimant pays qualified expenses.~~

10 (c) A claimant may ~~only~~ claim credits under par. (b) for qualified expenses that
11 are paid for ~~the first~~ 10 semesters that the qualified student is enrolled as an
12 undergraduate. *no more than*

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

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

18 (f) 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 qualified expenses under par. (b) 1. A
21 partnership, limited liability company or tax-option corporation shall compute the
22 amount of credit that each of its partners, members or shareholders may claim and
23 shall 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.

BILL

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

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

4 71.30 (3) (dm) The student sponsorship credit under s. 71.28 (5d).

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

6 71.45 (2) (a) 10. By adding to federal taxable income the amount of credit
7 computed under s. 71.47 (1dd) to (1dx) and (5d) and not passed through by a
8 partnership, limited liability company or tax-option corporation that has added that
9 amount to the partnership's, limited liability company's or tax-option corporation's
10 income under s. 71.21 (4) or 71.34 (1) (g) and the amount of credit computed under
11 s. 71.47 (1), (3), (4) and (5).

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

13 71.47 (5d) STUDENT SPONSORSHIP CREDIT. (a) In this subsection:

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

15 2. "Qualified expenses" means expenses related to attending school including
16 room and board, books and tuition. *at least* ✓

17 3. "Qualified student" means any of the following:

18 a. A student who is a full-time undergraduate student enrolled in the
19 University of Wisconsin System and who is eligible for a Wisconsin higher education
20 grant under s. 39.435 for ~~the first~~ 2 semesters that the student is enrolled.

21 b. A student who is a full-time undergraduate student enrolled in a regionally
22 accredited 4-year private college or university in this state and who is eligible for a
23 talent incentive grant under s. 39.435 (2) for ~~the first~~ 2 semesters that the student
24 is enrolled. *at least* ✓

BILL

1 (b) Subject to the limitations provided in this subsection, a claimant may claim
2 as a credit against the tax imposed under s. 71.43 an amount equal to \$1,000 for every
3 \$3,000 of qualified expenses that the claimant pays on behalf of a qualified student
4 in a taxable year, ~~except that the amount of the credit may not exceed \$2,000 for each~~
5 ~~qualified student on whose behalf the claimant pays qualified expenses.~~

6 (c) A claimant may ~~not~~ claim credits under par. (b) for qualified expenses that
7 are paid for ~~the first~~ 10 semesters that the qualified student is enrolled as an
8 undergraduate. *no more than ✓*

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

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

14 (f) Partnerships, limited liability companies and tax-option corporations may
15 not claim the credit under this subsection, but the eligibility for, and the amount of,
16 the credit are based on their payment of qualified expenses under par. (b) 1. A
17 partnership, limited liability company or tax-option corporation shall compute the
18 amount of credit that each of its partners, members or shareholders may claim and
19 shall provide that information to each of them. Partners, members of limited liability
20 companies and shareholders of tax-option corporations may claim the credit in
21 proportion to their ownership interest.

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

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

25 71.49 (1) (dm) The student sponsorship credit under s. 71.47 (5d).



State of Wisconsin

LEGISLATIVE REFERENCE BUREAU

100 NORTH HAMILTON STREET
P. O. BOX 2037
MADISON, WI 53701-2037

LEGAL SECTION: (608) 266-3561
REFERENCE SECTION: (608) 266-0341
FAX: (608) 266-5648

STEPHEN R. MILLER
CHIEF

March 27, 2000



MEMORANDUM

To: Senator Shibliski

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

Subject: Technical Memorandum to **1999 SB 482** (LRB 99-4692/3)

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.

MEMORANDUM

March 23, 2000

TO: Joseph Kreye
Legislative Reference Bureau

FROM: Yeang-Eng Braun *YEB*
Department of Revenue

SUBJECT: Technical Memorandum on SB 482: Income and Franchise Tax Credit for Education Expenses

The bill provides that the amount of the computed credit passed through a partnership, limited liability company or tax-option corporation must be added back to an individual partner, member or shareholder's income. Other pass-through credits are added back to the partnership, limited liability company or tax-option corporation income. To provide consistent treatment with other credits, the sponsor may want to amend the bill to require the add-back at the entity level.

The sponsor may wish to clarify how the credit is computed, for example, if any credit is available if a business pays a portion of \$3,000 in qualified expenses.

In sections 71.07(5d)(f), 71.28(5d)(f) and 71.47(5d)(f), the bill refers to the credit computed under (b)1. The bill should refer to the credit under (b).

Sections 71.28(5d)(d) and 71.47(5d)(d) do not apply to corporations and insurance companies.

If you have questions regarding this technical memorandum, please contact Pamela Walgren at 266-7817.

YEB:PW:ds
t:\fsn99-00\pw\sb482.tec