

1999 DRAFTING REQUEST

Assembly Amendment (AA-ASA1-AB133)

Received: 06/21/99

Received By: jkreye

Wanted: Soon

Identical to LRB:

For: Assembly Republican Caucus

By/Representing: Dake

This file may be shown to any legislator: NO

Drafter: jkreye

May Contact:

Alt. Drafters:

Subject: Tax Credits - miscellaneous

Extra Copies:

Pre Topic:

ARC:.....Dake - Am #1 (4),

Topic:

Incorporate AB244, education tax credit, into budget amendment

Instructions:

See Attached

Drafting History:

<u>Vers.</u>	<u>Drafted</u>	<u>Reviewed</u>	<u>Typed</u>	<u>Proofed</u>	<u>Submitted</u>	<u>Jacketed</u>	<u>Required</u>
/1	jkreye 06/21/99	gilfokm 06/21/99	kfollet 06/22/99	_____	lrb_docadmin 06/22/99		
	jkreye 06/25/99	gilfokm 06/25/99		_____			
/2			kfollet 06/25/99	_____	lrb_docadmin 06/26/99		

FE Sent For:

<END>

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FE Sent For:

12-6-25
KJF
6/25
KJF/myc
6/25
<END>

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/1	jkreye	1-6-21-99 Kmg	KJf 6/22	KJf/Km 6/22			

FE Sent For:

<END>

Budget Amendments 1999-2000

Statement of Intent UW System. Higher Education Package

-b 0695,

Legislator Kreibich and Freese

Amendment# 1

Staff contact Andy

Status Pass

Agency UWSys

Tax Cut

Summary Provision #1

Tuition Revenue Expenditure Authority (UW System)
The motion would restore the Governor's proposal relating to tuition flexibility but would tie WHEG grants for undergraduates enrolled at UW campuses to tuition increases.

MJL

Provision #2

UW Madison Initiative
The motion restores the Governor's proposal relating to the UW Madison Initiative, which would have students and taxpayers paying equally for tuition. The JFC action would result in taxpayers paying more of the cost of tuition by eliminating \$6.9 million from increased tuition.

MJL

Provision #3

GPR Position Authority
The motion would approve the Governor's recommendation to permit the Board of Regents to request approval from the Secretaries of DOA and DER in the 1999-01 biennium, to increase the number of positions that are funded in whole or in part with GPR by 1% above the base level.

~~MJL~~

Provision #4

Incorporate 1999 Assembly Bill 244 in Biennial Budget

STV JR

Provision #5

Incorporate 1999 Assembly Bill 322 in the Biennial Budget

RAC

Provision #6

Increase funding for WHEG and TG Grants
Specify that savings generated through the inclusion of 1999 Assembly 322 in the amendment would be used to increase funding for Wisconsin Higher Education Grants (WHEG) and Tuition Grants (TG). The motion utilizes the \$1,091,800 (GPR) saving to restore \$397,415 in funding over the biennium for WHEG grants to UW students, \$270,766 in funding to WHEG grants for WTCS students, and \$423,618 in funding for TG-eligible students.

RAC
MJL

*Jeff -
Five entered this request as I can certainly incorporate your bill into this amendment if you'd like, but I thought you would probably want to review it in light of this amendment proposal.
Kannie*

Contact: Matt Sordic and Brian Dake

Motion:

The motion would approve the Governor's recommendation to permit the Board of Regents to request approval from the Secretaries of DOA and DER in the 1999-01 biennium, to increase the number of positions that are funded in whole or in part with GPR by 1% above the base level.

Fiscal impact:

None.

Provision #4

Incorporate 1999 Assembly Bill 244 in Biennial Budget

Current Law:

No provision.

Governor:

No provision.

JFC Action:

No provision.

Motion:

Incorporate the provisions of 1999 Assembly Bill 244 relating to education tax credits in the 1999-2001 biennial budget. Specify the provision will take effect July 1, 2001.

1999 Assembly Bill 244 creates a nonrefundable income and franchise tax credit for certain businesses that pay tuition for a student to attend a university, college or technical college if the student is enrolled in a degree-granting program.

The bill specifies that a business may claim as a tax credit 50 percent of tuition expenses. Any unused credit could be carried forward for use in offsetting future income tax liability. Qualified businesses include corporations, insurers, partnerships, limited liability companies, and tax option companies.

Fiscal Impact:

According to the Department of Revenue, it is estimated that Wisconsin employers provide \$24 million in tuition expenses for employees and other scholarships annually. Based on Department of Revenue data, it is estimated 75 percent of the credits claimed in a tax year would be used. Under these assumptions, the fiscal effect of the motion would be to reduce GPR revenue by \$9 million, annually. However, this provision would not take effect until the 2001-2003 biennium.

The Department of Revenue would also require 1.2 FTE positions at a cost of \$49,500 GPR and one-time administrative costs of \$101,600 GPR to implement 1999 Assembly Bill 244.

Provision #5

Incorporate 1999 Assembly Bill 322 in the Biennial Budget

Current Law:

No provision.

Governor:

No provision.

JFC Action:

No provision.

Motion:

Incorporate the provisions of 1999 Assembly Bill 322 relating to social security coverage for students employed at public schools, colleges and universities in the 1999-2001 biennial budget. Specify the provision to take effect on July 1, 2000.

In October 1998, Congress enacted a provision whereby states could modify their existing social security agreements with the federal government to exclude from social security coverage the services performed by students employed by the public school, university or college where they are enrolled and regularly attending classes. To qualify for this provision, a state must enact legislation before July 1, 2000.

1999 Assembly Bill 322 is the legislation the state must enact to exclude from social security coverage those students employed by a college or university who are enrolled and regularly attending classes.

Fiscal Impact:

According to the University of Wisconsin System, the fiscal effect of incorporating 1999 Assembly Bill 322 into the 1999-2001 biennial budget would be to increase GPR savings by \$1,091,800 in savings.

Provision #6

Increase funding for WHEG and TG Grants

Current Law:

The Wisconsin higher education grant (WHEG) program provides need-based grants to resident undergraduates enrolled at UW campuses and Wisconsin Technical College System (WTCS) institutions. The tuition grant (TG) program provides need-based grants to resident undergraduates who attend private, nonprofit post-secondary institutions. Both programs are administered by the Higher Educational Aids Board (HEAB).

Governor:

The Governor's budget recommended increased funding for each of the WHEG programs and the TG program over the prior year by 6 percent, annually.

JFC Action:

The Joint Committee on Finance modified the Governor's recommendation by reducing WHEG and TG funding to increase funding for the talent incentive program (TIP). TIP grants are need-based grants provided to the state's most needy and educationally disadvantaged students as identified by the Wisconsin Educational Opportunity Program.

Specifically, the Committee reduced WHEG grants to UW students by \$570,000, WHEG grants to WTCS students by \$388,600 and TG grants by \$607,700. Each of these reductions reflects the biennial cut.

Motion:

Specify that savings generated through the inclusion of 1999 Assembly 322 in the amendment would be used to increase funding for Wisconsin Higher Education Grants (WHEG) and Tuition Grants (TG). The motion utilizes the \$1,091,800 (GPR) saving to restore \$397,415 in funding over the biennium for WHEG grants to UW students, \$270,766 in funding to WHEG grants for WTCS students, and \$423,618 in funding for TG-eligible students.

Fiscal Effect:

The fiscal effect of this motion would be to reduce GPR saving by \$1,091,800 generated by adopting Provision #5.

HIGHER EDUCATION PACKAGE

(Rep. Kreibich and Rep. Freese)

Provision #1

Tuition Revenue Expenditure Authority (UW System)

Current Law:

The Legislature establishes the appropriation level for tuition and fee revenues generated by the UW System. This is the amount shown in the Chapter 20 appropriations schedule in the statutes. In addition to this amount, the University is permitted to expend: (a) any tuition revenues that were allotted, but not expended in the prior year; (b) in the first year of a biennium, an amount equal to 4% of the amount shown in the Chapter 20 schedule for that year; and (c) in the second year of a biennium, an amount equal to 7% of the amount shown in the Chapter 20 schedule for that year. The 104%/107% flexibility was provided to the Board as a part of the 1997-99 state budget act (1997 Act 27). While there is no limit on the amount of tuition revenues that can be generated, expenditures in excess of the amount appropriated plus any additional amounts available under a. through c. above, require approval by the Legislature or the Joint Committee on Finance (JFC) acting under s. 16.515 of the statutes.

The Board of Regents has the authority to set tuition rates, which can vary by campus as well as by level of student (graduate and undergraduate), type of student (resident and nonresident) and program.

Governor:

The Governor's budget changes the appropriation for tuition and fee revenues from an annual, sum certain to a continuing appropriation, which would allow the UW to expend all monies received as tuition and fees, without limit and without the prior approval of the Legislature or the Joint Committee on Finance.

JFC Action:

Appropriation for Tuition and Fee Revenues

The Committee maintained current law. The Board of Regents would be permitted to expend tuition revenues in excess of the amount appropriated by 4% in the first year of a biennium and by 7% in the second year of a biennium.

Use of Tuition and Fee Revenues

The Committee specified that the Board of Regents may allocate sufficient tuition revenues for that portion of the 1999-01 pay plan increases for faculty and academic staff not funded through compensation reserves, similar to the nonstatutory provision included in 1997 Act 27.

Motion:

The Wisconsin higher education grant (WHEG) program provides need-based grants to resident undergraduates enrolled at UW campuses and Wisconsin Technical College System (WTCS) institutions. **The motion would restore the Governor's proposal relating to tuition flexibility but would tie WHEG grants for undergraduates enrolled at UW campuses to tuition increases.**

Current law specifies a sum certain in each fiscal year for the amount appropriated for certain higher education grants awarded by the Higher Educational Aids Board. The motion would tie increases to the WHEG program appropriations to the highest percentage resident undergraduate tuition increase of UW institutions. **This action would support the UW Board of Regents position that GPR financial aid should increase at a rate no less than that of tuition.**

Fiscal impact:

Indeterminate.

Provision #2

UW Madison Initiative

Current Law:

In 1998-99, the adjusted base budget for the UW System totals approximately \$2.7 billion, of which \$911.0 million or 32.9% is funded from state, general purpose revenues. Approximately 80.7% of the University's GPR budget is provided under an appropriation for general program operations for University education, research and public service. The UW System has the ability to combine the GPR general program operations funds with monies received from tuition and certain federal indirect cost reimbursements, creating an approximate \$1.2 billion pool of funds that it may use to run its operations.

Annually in June or July, the UW Board of Regents approves budget allocations to the 26 campuses in the System based on past allocations, targeted budget initiatives, planned enrollment changes and planned programmatic changes. In 1998-99, UW-Madison's total budget from all fund sources is approximately \$1.3 billion, of which \$525.8 million is derived from GPR and fee revenues.

Governor:

The Governor's budget provides \$5,500,000 GPR and \$5,500,000 PR in 1999-00 and \$9,500,000 GPR and \$9,500,000 PR in 2000-01 and 17.0 GPR positions beginning in 2000-01 to support several initiatives at UW-Madison. All of the funding would be placed in unallotted reserve to be released by the Department of Administration (DOA). Additional funding for these items would be provided using private monies from the UW Foundation and the Wisconsin Alumni Research Foundation.

JFC Action:

The Committee reduced the amount provided for the Madison initiative by \$2,538,500 PR in 1999-00 and \$4,384,600 PR in 2000-01 in order to provide the funding according to the **traditional 65% GPR / 35% PR split**. Under the motion, the Committee provided annual funding of \$5,500,000 GPR and \$2,961,500 PR in 1999-00 and \$9,500,000 GPR and \$5,115,400 PR in 2000-01 to support several initiatives at UW-Madison. **The total amount provided would be reduced from \$30 million over the biennium to approximately \$23.1 million**

The Committee modified the Governor's recommendation by specifying that any portion of the funds used for compensation increases for UW-Madison faculty and academic staff could be used for recruitment and retention purposes and could not be used for solely merit-based increases unless those increases are related to recruitment and retention.

Motion:

The motion restores the Governor's proposal relating to the UW Madison Initiative, which would have students and taxpayers paying equally for tuition. The JFC action would result in taxpayers paying more of the cost of tuition by eliminating \$6.9 million from increased tuition.

Fiscal impact:

The motion would restore \$2,538,500 PR in 1999-00 and \$4,384,600 PR in 2000-01 through tuition increases.

Provision #3

GPR Position Authority

Current Law:

GPR positions can be created or abolished by the Legislature by law or by the Joint Committee on Finance acting under s. 13.10 of the statutes.

Governor:

The Governor's budget permits the Board of Regents to submit a proposal, during the 1999-01 biennium, to the Secretaries of the Department of Administration (DOA) and the Department of Employment Relations (DER) to increase its authorized FTE positions that are funded in whole or in part with GPR. **It provides that the Board could propose an increase of up to 1% above the base level of authorized GPR positions.** It also requires that the proposal include the Board's methodology for accounting for the cost of funding the positions.

JFC Action:

The Committee maintained current law.



JK: King

6-21-99

ARC:.....Dake - Am #1 (4), Incorporate AB244, education tax credit, into budget amendment

FOR 1999-01 BUDGET — NOT READY FOR INTRODUCTION

LFB AMENDMENT

TO 1999 ASSEMBLY BILL 133 AND 1999 SENATE BILL 45

SOON

1 At the locations indicated, amend the bill as follows:

2 ✓ 1. Page 252, line 9: increase the dollar amount for fiscal year 1999-00 by
3 \$151,000 and increase the dollar amount for fiscal year 2000-01 by \$49,500 for the
4 purpose of implementing the education credit and to increase the authorized FTE
5 positions for the department of revenue by 1.2 GPR positions for administration of
6 the education credit.

7 ✓ 2. Page 834, line 19: delete “(2dy) and (3s)” and substitute “and, (2dy), (3s)
8 and (5r)”.

9 ✓ 3. Page 849, line 20: after that line insert: Insert 2-6

10 ✓ 4. Page 851, line 1: after “(3s),” insert “(5r)”.

1 ✓ 5. Page 851, line 2: delete the material beginning with "(2m)" and ending with
2 "(2m) and (3)" on line 3 and substitute "(2m) and, (3) and (5r) and 71.47 (1dd), (1de),
3 (1di), (1dj), (1dL), (1ds), (1dx), (1dy), (1fd), (2m) and, (3) and (5r)".

4 ✓ 6. Page 851, line 9: after that line insert: insert 3-22

5 ✓ 7. Page 853, line 21: delete ", (2dy) and (3s)" and substitute "and, (2dy), (3s)
6 and (5r)".

7 ✓ 8. Page 889, line 11: delete "and (1dy)" and substitute ", (1dy) and (5r)".

8 ✓ 9. Page 914, line 4: after that line insert: insert 4-24

9 ✓ 10. Page 914, line 6: after that line insert: insert 6-6

10 ✓ 11. Page 917, line 5: delete ", (1dy) and (3)" and substitute "and, (1dy), (3) and
11 (5r)".

12 ✓ 12. Page 938, line 5: after "(1dy)" insert "and (5r)".

13 ✓ 13. Page 944, line 19: after that line insert: insert 6-20

14 ✓ 14. Page 944, line 21: after that line insert: insert 7-24

15 ✓ 15. Page 956, line 3: after that line insert: insert 8-4

16 ✓ 16. Page 1599, line 4: ~~delete~~ ^{cross after} "(eon) of the statutes" and substitute "~~(eon)~~ and
17 77.92 (4) of the statutes (as it relates to the sustainable urban development zone
18 credit)". ~~delete "and 71.49 (1) (eon) and substitute~~
page 1599, line 8: after ~~71.49 (1) (eon) and 77.92 (4)~~

19 17. Page 1600, line 6: after that line insert:
20 "(23) EDUCATION CREDIT. The treatment of 71.05 (6) (a) 15., 71.07 (5r), 71.08 (1)
21 (intro.), 71.10 (4) (i), 71.21 (4), 71.26 (2) (a), 71.28 (5r), 71.30 (3) (f), 71.34 (1) (g), 71.45
22 (2) (a) 10., 71.47 (5r), 71.49 (1) (f) and 71.92 (4) of the statutes ^{sections} (as it relates to the
23 ~~education credit)~~ first applies to taxable years beginning on January 1 of the year in
" , 71.49 (1)(eon) and 77.92 (4) "

#. Page 1599, line 3: delete "and 71.49" and substitute ", 71.49"

1 which this subsection takes effect except that if this subsection takes effect after July
2 31 the treatment of 71.05 (6) (a) 15., 71.07 (5r), 71.08 (1) (intro.), 71.10 (4) (i), 71.21
3 (4), 71.26 (2) (a), 71.28 (5r), 71.30 (3) (f), 71.34 (1) (g), 71.45 (2) (a) 10., 71.47 (5r), 71.49
4 (1) (f) and 71.92⁷ (4) of the statutes first applies to taxable years beginning on January
5 1 of the year following the year in which this subsection takes effect.”

6 (END)

section

~~Does it relate to the
education credit?~~

1999 ASSEMBLY BILL 244

March 23, 1999 - Introduced by Representatives JENSEN, RHOADES, PLALE, PETROWSKI, ALBERS, SPILLNER, KAUFERT, STASKUNAS, MUSSER, FREESE, JESKEWITZ, STONE, KELSO, WARD, KREIBICH, SYKORA, ZIEGELBAUER, REYNOLDS, SUDER, OLSEN, HUEBSCH, TOWNSEND, OWENS, PORTER, F. LASEE, KESTELL, HOVEN, PLOUFF, JOHNSRUD, GUNDRUM, LASSA, SERATTI, WALKER, RILEY, DUFF, HUTCHISON, HUNDERTMARK, VRAKAS, MONTGOMERY, PETTIS, OTT, GUNDERSON, LEIBHAM and AINSWORTH, cosponsored by Senators DARLING, RUDE, WELCH, ZIEN and DRZEWIECKI. Referred to Committee on Colleges and Universities.

1 **AN ACT to amend** 71.05 (6) (a) 15., 71.08 (1) (intro.), 71.10 (4) (i), 71.21 (4), 71.26
 2 (2) (a), 71.30 (3) (f), 71.34 (1) (g), 71.45 (2) (a) 10., 71.49 (1) (f) and 77.92 (4); and
 3 **to create** 71.07 (5r), 71.28 (5r) and 71.47 (5r) of the statutes; **relating to:** an
 4 education tax credit to corporations.

Analysis by the Legislative Reference Bureau

This bill creates an income tax and franchise tax credit for businesses that pay tuition for an individual to attend a university, college or technical college if the individual is enrolled in a degree-granting program. Sole proprietorships, corporations and insurers may claim the credit. 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. The credit is an amount equal to 50% of the tuition paid by a business for an individual to attend school in a taxable year. If the credit claimed by a business exceeds the business' tax liability, the state will not issue a refund check, but the business may carry forward any remaining credit to subsequent 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:

0792

~~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 (5r) 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).~~

1713g (B)

INSERT 2-6

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

71.07 (5r) EDUCATION CREDIT. (a) In this subsection:

a sole proprietor

1. "Claimant" means 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. "Degree-granting program" means an educational program for which an associate, a bachelor's or a graduate degree is awarded upon successful completion.

3. "Qualified postsecondary institution" means a University of Wisconsin System institution, a technical college system institution or a regionally accredited 4-year nonprofit college or university having its regional headquarters and principal place of business in this state, notwithstanding s. 16.973 (1) (b).

(b) A claimant may claim as a credit against the tax imposed under this subchapter an amount equal to 50% of the tuition that the claimant paid or incurred during the taxable year for an individual to participate in an education program of a qualified postsecondary institution, if the individual is enrolled in a degree-granting program.

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

ASSEMBLY BILL 244

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 tuition under par. (b). A partnership, limited
6 liability company or tax-option corporation shall compute the amount of credit that
7 each of its partners, members or shareholders may claim and shall provide that
8 information to each of them. Partners, members of limited liability companies and
9 shareholders of tax-option corporations may claim the credit in proportion to their
10 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. *end of insert 2-6*

13 SECTION 3. 71.08 (1) (intro.) of the statutes is amended to read:

14 71.08 (1) IMPOSITION. (intro.) If the tax imposed on a natural person, married
15 couple filing jointly, trust or estate under s. 71.02, not considering the credits under
16 ss. 71.07 (1), (2dd), (2de), (2di), (2dj), (2dL), (2dr), (2ds), (2dx), (2fd), (3m), (3s), (5r),
17 (6) and (9e), 71.28 (1dd), (1de), (1di), (1dj), (1dL), (1ds), (1dx), (1fd), (2m) and (3) and
18 (5r) and 71.47 (1dd), (1de), (1di), (1dj), (1dL), (1ds), (1dx), (1fd), (2m) and (3) and (5r)
19 and subchs. VIII and IX and payments to other states under s. 71.07 (7), is less than
20 the tax under this section, there is imposed on that natural person, married couple
21 filing jointly, trust or estate, instead of the tax under s. 71.02, an alternative
22 minimum tax computed as follows:

23 SECTION 4. 71.10 (4) (i) of the statutes is amended to read:

24 71.10 (4) (i) The total of claim of right credit under s. 71.07 (1), farmland
25 preservation credit under subch. IX, homestead credit under subch. VIII, farmland

✓
INSERT
3-22

1719P ©

ASSEMBLY BILL 244

SECTION 4

1 tax relief credit under s. 71.07 (3m), farmers' drought property tax credit under s.
 2 71.07 (2fd), earned income tax credit under s. 71.07 (9e), education credit under s.
 3 71.07 (5r), estimated tax payments under s. 71.09, and taxes withheld under subch.
 4 X. " . *end of insert 9-22*

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

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

9 SECTION 6. 71.26 (2) (a) of the statutes is amended to read:

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

25
 INSERT
 4-24

SECTION 7. 71.28 (5r) of the statutes is created to read:

1746g (B)

INSERT
4-24

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71.28 (5r) EDUCATION CREDIT. (a) In this subsection:

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

2. "Degree-granting program" means an education program for which an associate, a bachelor's or a graduate degree is awarded upon successful completion.

3. "Qualified postsecondary institution" means a University of Wisconsin System institution, a technical college system institution or a regionally accredited 4-year nonprofit college or university having its regional headquarters and principal place of business in this state, notwithstanding s. 16.973 (1) (b).

(b) A claimant may claim as a credit against the tax imposed under this subchapter an amount equal to 50% of the tuition that the claimant paid or incurred during the taxable year for an individual to participate in an education program of a qualified postsecondary institution, if the individual is enrolled in a degree-granting program.

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

(d) 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.

(e) 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 tuition 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

ASSEMBLY BILL 244

SECTION 7

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

3 (f) Subsection (4) (g) and (h), as it applies to the credit under sub. (4), applies
4 to the credit under this subsection. *end of insert 4-24*

✓ 5
INSERT
6-6

5 SECTION 8. 71.30 (3) (f) of the statutes is amended to read:
6 71.30 (3) (f) ¹⁷⁴ ~~(3)~~ ^h The total of farmers' drought property tax credit under s. 71.28
7 (1fd), farmland preservation credit under subch. IX, farmland tax relief credit under
8 s. 71.28 (2m), education credit under s. 71.28 (5r) and estimated tax payments under
9 s. 71.29. *174*

10 SECTION 9. 71.34 (1) (g) of the statutes is amended to read:

11 71.34 (1) (g) An addition shall be made for credits computed by a tax-option
12 corporation under s. 71.28 (1dd), (1de), (1di), (1dj), (1dL), (1ds), (1dx) and ~~(3) and (5r)~~
13 and passed through to shareholders.

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

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

✓ 21
INSERT
6-20

21 SECTION 11. 71.47 (5r) ^{1759(g) ©} of the statutes is created to read:
22 71.47 (5r) EDUCATION CREDIT. (a) In this subsection:
23 1. "Claimant" means a corporation that files a claim under this subsection.
24 2. "Degree-granting program" means an educational program for which an
25 associate, a bachelor's or a graduate degree is awarded upon successful completion.

ASSEMBLY BILL 244

1 3. "Qualified postsecondary institution" means a University of Wisconsin
2 System institution, a technical college system institution or a regionally accredited
3 4-year nonprofit college or university having its regional headquarters and principal
4 place of business in this state, notwithstanding s. 16.973 (1) (b).

5 (b) A claimant may claim as a credit against the tax imposed under this
6 subchapter an amount equal to 50% of the tuition that the claimant paid or incurred
7 during the taxable year for an individual to participate in an education program of
8 a qualified postsecondary institution, if the individual is enrolled in a
9 degree-granting program.

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

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

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

23 (f) 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." *end of insert 6-20*

SECTION 12. 71.49 (1) (f) of the statutes is amended to read:

*1760s @
letter*

24
25
INSERT
7-24

ASSEMBLY BILL 244

1 71.49 (1) (f) The total of farmers' drought property tax credit under s. 71.47
2 (1fd), farmland preservation credit under subch. IX, farmland tax relief credit under
3 s. 71.47 (2m), education credit under s. 71.47 (5r) and estimated tax payments under
4 s. 71.48. "• *end of insert 7-24*

5 **SECTION 13.** 77.92 (4) of the statutes is amended to read:

6 77.92 (4) "Net business income", with respect to a partnership, means taxable
7 income as calculated under section 703 of the internal revenue code; plus the items
8 of income and gain under section 702 of the internal revenue code; minus the items
9 of loss and deduction under section 702 of the internal revenue code; plus payments
10 treated as not made to partners under section 707 (a) of the internal revenue code;
11 plus the credits claimed under s. 71.07 (2dd), (2de), (2di), (2dj), (2dL), (2dr), (2ds),
12 (2dx) ^(2dy) and (3s) ^{13172-@} and (5r); but excluding income, gain, loss and deductions from
13 farming. "Net business income", with respect to a natural person, estate or trust,
14 means profit from a trade or business for federal income tax purposes and includes
15 net income derived as an employe as defined in section 3121 (d) (3) of the internal
16 revenue code. "•

17 **SECTION 14. Initial applicability.**

18 (1) EDUCATION CREDIT. This act first applies to taxable years beginning on
19 January 1 of the year in which this subsection takes effect, except that if this
20 subsection takes effect after July 31 this act first applies to taxable years beginning
21 on January 1 of the year after the year in which this subsection takes effect.

22 (END)

INSERT 8-4



State of Wisconsin
1999 - 2000 LEGISLATURE

LRBb0792/1
JK:kmg:kjf

in 6-25-99

ARC:.....Dake - Am #1 (4), Incorporate AB244, education tax credit, into budget amendment

FOR 1999-01 BUDGET — NOT READY FOR INTRODUCTION

CAUCUS AMENDMENT

TO ASSEMBLY SUBSTITUTE AMENDMENT 1,

TO 1999 ASSEMBLY BILL 133

SOON

1 At the locations indicated, amend the substitute amendment as follows:

2 **1.** Page 252, line 9: increase the dollar amount for fiscal year 1999-00 by
3 \$151,000 and increase the dollar amount for fiscal year 2000-01 by \$49,500 for the
4 purpose of implementing the education credit and to increase the authorized FTE
5 positions for the department of revenue by 1.2 GPR positions for administration of
6 the education credit.

7 **2.** Page 834, line 19: delete “, (2dy) and (3s)” and substitute “and, (2dy), (3s)
8 and (5r)”.

9 **3.** Page 849, line 20: after that line insert:

1 “SECTION 1713g. 71.07 (5r) of the statutes is created to read:

2 71.07 (5r) EDUCATION CREDIT. (a) In this subsection:

3 1. “Claimant” means a sole proprietor, a partner, a member of a limited liability
4 company or a shareholder of a tax–option corporation who files a claim under this
5 subsection.

6 2. “Degree–granting program” means an educational program for which an
7 associate, a bachelor’s or a graduate degree is awarded upon successful completion.

8 3. “Qualified postsecondary institution” means a University of Wisconsin
9 System institution, a technical college system institution or a regionally accredited
10 4–year nonprofit college or university having its regional headquarters and principal
11 place of business in this state, notwithstanding s. 16.973 (1) (b).

12 (b) A claimant may claim as a credit against the tax imposed under this
13 subchapter an amount equal to 50% of the tuition that the claimant paid or incurred
14 during the taxable year for an individual to participate in an education program of
15 a qualified postsecondary institution, if the individual is enrolled in a
16 degree–granting program.

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 s. 71.28 (4) (e) and (f), as they apply to the credit
21 under s. 71.28 (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 tuition under par. (b). A partnership, limited
25 liability company or tax–option corporation shall compute the amount of credit that

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

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

7 **4.** Page 851, line 1: after “(3s),” insert “(5r).”

8 **5.** Page 851, line 2: delete the material beginning with “(2m)” and ending with
9 “(2m) and (3)” on line 3 and substitute “(2m) ~~and~~, (3) and (5r) and 71.47 (1dd), (1de),
10 (1di), (1dj), (1dL), (1ds), (1dx), (1dy), (1fd), (2m) ~~and~~, (3) and (5r)”.

11 **6.** Page 851, line 9: after that line insert:

12 “**SECTION 1719p.** 71.10 (4) (i) of the statutes is amended to read:

13 71.10 (4) (i) The total of claim of right credit under s. 71.07 (1), farmland
14 preservation credit under subch. IX, homestead credit under subch. VIII, farmland
15 tax relief credit under s. 71.07 (3m), farmers’ drought property tax credit under s.
16 71.07 (2fd), earned income tax credit under s. 71.07 (9e), education credit under s.
17 71.07 (5r), estimated tax payments under s. 71.09, and taxes withheld under subch.
18 X.”

19 **7.** Page 853, line 21: delete “(2dy) and (3s)” and substitute “and (2dy), (3s)
20 and (5r)”.

21 **8.** Page 889, line 11: delete “and (1dy)” and substitute “(1dy) and (5r)”.

22 **9.** Page 914, line 4: after that line insert:

23 “**SECTION 1746g.** 71.28 (5r) of the statutes is created to read:

24 71.28 (5r) EDUCATION CREDIT. (a) In this subsection:

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

2 2. “Degree-granting program” means an education program for which an
3 associate, a bachelor’s or a graduate degree is awarded upon successful completion.

4 3. “Qualified postsecondary institution” means a University of Wisconsin
5 System institution, a technical college system institution or a regionally accredited
6 4-year nonprofit college or university having its regional headquarters and principal
7 place of business in this state, notwithstanding s. 16.973 (1) (b).

8 (b) A claimant may claim as a credit against the tax imposed under this
9 subchapter an amount equal to 50% of the tuition that the claimant paid or incurred
10 during the taxable year for an individual to participate in an education program of
11 a qualified postsecondary institution, if the individual is enrolled in a
12 degree-granting program.

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

16 (d) 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 (e) 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 tuition under par. (b). A partnership, limited
21 liability company or tax-option corporation shall compute the amount of credit that
22 each of its partners, members or shareholders may claim and shall provide that
23 information to each of them. Partners, members of limited liability companies and
24 shareholders of tax-option corporations may claim the credit in proportion to their
25 ownership interest.

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

3 **10.** Page 914, line 6: after that line insert:

4 “SECTION 1747n. 71.30 (3) (f) of the statutes is amended to read:

5 71.30 (3) (f) The total of farmers’ drought property tax credit under s. 71.28
6 (1fd), farmland preservation credit under subch. IX, farmland tax relief credit under
7 s. 71.28 (2m), education credit under s. 71.28 (5r) and estimated tax payments under
8 s. 71.29.”.

9 **11.** Page 917, line 5: delete “(1dy) and (3)” and substitute “and (1dy), (3) and
10 (5r)”.

11 **12.** Page 938, line 5: after “(1dy)” insert “and (5r)”.

12 **13.** Page 944, line 19: after that line insert:

13 “SECTION 1759g. 71.47 (5r) of the statutes is created to read:

14 71.47 (5r) EDUCATION CREDIT. (a) In this subsection:

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

16 2. “Degree-granting program” means an educational program for which an
17 associate, a bachelor’s or a graduate degree is awarded upon successful completion.

18 3. “Qualified postsecondary institution” means a University of Wisconsin
19 System institution, a technical college system institution or a regionally accredited
20 4-year nonprofit college or university having its regional headquarters and principal
21 place of business in this state, notwithstanding s. 16.973 (1) (b).

22 (b) A claimant may claim as a credit against the tax imposed under this
23 subchapter an amount equal to 50% of the tuition that the claimant paid or incurred
24 during the taxable year for an individual to participate in an education program of

1 a qualified postsecondary institution, if the individual is enrolled in a
2 degree-granting program.

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

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

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

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

18 **14.** Page 944, line 21: after that line insert:

19 “SECTION 1760s. 71.49 (1) (f) of the statutes is amended to read:

20 71.49 (1) (f) The total of farmers’ drought property tax credit under s. 71.47
21 (1fd), farmland preservation credit under subch. IX, farmland tax relief credit under
22 s. 71.47 (2m), education credit under s. 71.47 (5r) and estimated tax payments under
23 s. 71.48.”.

24 **15.** Page 956, line 3: after that line insert:

1 **SECTION 1817b.** 77.92 (4) of the statutes is amended to read:

2 77.92 (4) "Net business income", with respect to a partnership, means taxable
3 income as calculated under section 703 of the internal revenue code; plus the items
4 of income and gain under section 702 of the internal revenue code; minus the items
5 of loss and deduction under section 702 of the internal revenue code; plus payments
6 treated as not made to partners under section 707 (a) of the internal revenue code;
7 plus the credits claimed under s. 71.07 (2dd), (2de), (2di), (2dj), (2dL), (2dr), (2ds),
8 (2dx) ~~and, (2dy), (3s) and (5r)~~; but excluding income, gain, loss and deductions from
9 farming. "Net business income", with respect to a natural person, estate or trust,
10 means profit from a trade or business for federal income tax purposes and includes
11 net income derived as an employe as defined in section 3121 (d) (3) of the internal
12 revenue code."

13 **16.** Page 1599, line 3: delete "and 71.49" and substitute ", 71.49".

14 **17.** Page 1599, line 4: after "(eon)" insert "and 77.92 (4)".

15 **18.** Page 1599, line 8: delete "and 71.49 (1) (eon)" and substitute ", 71.49 (1)
16 (eon) and 77.92 (4)".

17 **19.** Page 1600, line 6: after that line insert:

18 "(23t) EDUCATION CREDIT. The treatment of sections 71.05 (6) (a) 15., 71.07 (5r),
19 71.08 (1) (intro.), 71.10 (4) (i), 71.21 (4), 71.26 (2) (a), 71.28 (5r), 71.30 (3) (f), 71.34
20 (1) (g), 71.45 (2) (a) 10., 71.47 (5r), 71.49 (1) (f) and 77.92 (4) of the statutes first
21 applies to taxable years beginning on ~~January 1~~ *July 1, 2001* of the year in which this subsection
22 takes effect except that if this subsection takes effect after July 31 the treatment of
23 sections 71.05 (6) (a) 15., 71.07 (5r), 71.08 (1) (intro.), 71.10 (4) (i), 71.21 (4), 71.26 (2)
24 (a), 71.28 (5r), 71.30 (3) (f), 71.34 (1) (g), 71.45 (2) (a) 10., 71.47 (5r), 71.49 (1) (f) and

1 77.92 (4) of the statutes first applies to taxable years beginning on January 1 of the
2 year following the year in which this subsection takes effect.”

3

(END)



State of Wisconsin
1999 - 2000 LEGISLATURE

LRBb0792/2
JK:kmg:kjf

ARC:.....Dake - Am #1 (4), Incorporate AB244, education tax credit, into
budget amendment

FOR 1999-01 BUDGET — NOT READY FOR INTRODUCTION

CAUCUS AMENDMENT

TO ASSEMBLY SUBSTITUTE AMENDMENT 1,

TO 1999 ASSEMBLY BILL 133

1 At the locations indicated, amend the substitute amendment as follows:

2 **1.** Page 834, line 19: delete “(2dy) and (3s)” and substitute “~~and, (2dy), (3s)~~
3 and (5r)”.

4 **2.** Page 849, line 20: after that line insert:

5 “**SECTION 1713g.** 71.07 (5r) of the statutes is created to read:

6 71.07 (5r) EDUCATION CREDIT. (a) In this subsection:

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

1 2. “Degree-granting program” means an educational program for which an
2 associate, a bachelor’s or a graduate degree is awarded upon successful completion.

3 3. “Qualified postsecondary institution” means a University of Wisconsin
4 System institution, a technical college system institution or a regionally accredited
5 4-year nonprofit college or university having its regional headquarters and principal
6 place of business in this state, notwithstanding s. 16.973 (1) (b).

7 (b) A claimant may claim as a credit against the tax imposed under this
8 subchapter an amount equal to 50% of the tuition that the claimant paid or incurred
9 during the taxable year for an individual to participate in an education program of
10 a qualified postsecondary institution, if the individual is enrolled in a
11 degree-granting program.

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

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

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

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

3 **3.** Page 851, line 1: after “(3s),” insert “(5r).”

4 **4.** Page 851, line 2: delete the material beginning with “(2m)” and ending with
5 “(2m) and (3)” on line 3 and substitute “(2m) ~~and~~, (3) and (5r) and 71.47 (1dd), (1de),
6 (1di), (1dj), (1dL), (1ds), (1dx), (1dy), (1fd), (2m) ~~and~~, (3) and (5r)”.

7 **5.** Page 851, line 9: after that line insert:

8 “**SECTION 1719p.** 71.10 (4) (i) of the statutes is amended to read:

9 71.10 (4) (i) The total of claim of right credit under s. 71.07 (1), farmland
10 preservation credit under subch. IX, homestead credit under subch. VIII, farmland
11 tax relief credit under s. 71.07 (3m), farmers’ drought property tax credit under s.
12 71.07 (2fd), earned income tax credit under s. 71.07 (9e), education credit under s.
13 71.07 (5r), estimated tax payments under s. 71.09, and taxes withheld under subch.
14 X.”

15 **6.** Page 853, line 21: delete “(2dy) and (3s)” and substitute “~~and~~, (2dy), (3s)
16 and (5r)”.

17 **7.** Page 889, line 11: delete “and (1dy)” and substitute “(1dy) and (5r)”.

18 **8.** Page 914, line 4: after that line insert:

19 “**SECTION 1746g.** 71.28 (5r) of the statutes is created to read:

20 71.28 (5r) EDUCATION CREDIT. (a) In this subsection:

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

22 2. “Degree-granting program” means an education program for which an
23 associate, a bachelor’s or a graduate degree is awarded upon successful completion.

1 3. “Qualified postsecondary institution” means a University of Wisconsin
2 System institution, a technical college system institution or a regionally accredited
3 4-year nonprofit college or university having its regional headquarters and principal
4 place of business in this state, notwithstanding s. 16.973 (1) (b).

5 (b) A claimant may claim as a credit against the tax imposed under this
6 subchapter an amount equal to 50% of the tuition that the claimant paid or incurred
7 during the taxable year for an individual to participate in an education program of
8 a qualified postsecondary institution, if the individual is enrolled in a
9 degree-granting program.

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

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

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

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

1 **9.** Page 914, line 6: after that line insert:

2 “**SECTION 1747n.** 71.30 (3) (f) of the statutes is amended to read:

3 71.30 (3) (f) The total of farmers’ drought property tax credit under s. 71.28
4 (1fd), farmland preservation credit under subch. IX, farmland tax relief credit under
5 s. 71.28 (2m), education credit under s. 71.28 (5r) and estimated tax payments under
6 s. 71.29.”.

7 **10.** Page 917, line 5: delete “(1dy) and (3)” and substitute “and (1dy), (3) and
8 (5r)”.

9 **11.** Page 938, line 5: after “(1dy)” insert “and (5r)”.

10 **12.** Page 944, line 19: after that line insert:

11 “**SECTION 1759g.** 71.47 (5r) of the statutes is created to read:

12 71.47 (5r) EDUCATION CREDIT. (a) In this subsection:

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

14 2. “Degree-granting program” means an educational program for which an
15 associate, a bachelor’s or a graduate degree is awarded upon successful completion.

16 3. “Qualified postsecondary institution” means a University of Wisconsin
17 System institution, a technical college system institution or a regionally accredited
18 4-year nonprofit college or university having its regional headquarters and principal
19 place of business in this state, notwithstanding s. 16.973 (1) (b).

20 (b) A claimant may claim as a credit against the tax imposed under this
21 subchapter an amount equal to 50% of the tuition that the claimant paid or incurred
22 during the taxable year for an individual to participate in an education program of
23 a qualified postsecondary institution, if the individual is enrolled in a
24 degree-granting program.

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

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

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

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

16 **13.** Page 944, line 21: after that line insert:

17 “SECTION 1760s. 71.49 (1) (f) of the statutes is amended to read:

18 71.49 (1) (f) The total of farmers’ drought property tax credit under s. 71.47
19 (1fd), farmland preservation credit under subch. IX, farmland tax relief credit under
20 s. 71.47 (2m), education credit under s. 71.47 (5r) and estimated tax payments under
21 s. 71.48.”.

22 **14.** Page 956, line 3: after that line insert:

23 “SECTION 1817b. 77.92 (4) of the statutes is amended to read:

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; minus the items
4 of loss and deduction under section 702 of the internal revenue code; plus payments
5 treated as not made to partners under section 707 (a) of the internal revenue code;
6 plus the credits claimed under s. 71.07 (2dd), (2de), (2di), (2dj), (2dL), (2dr), (2ds),
7 (2dx) ~~and~~, (2dy), (3s) ~~and~~ (5r); but excluding income, gain, loss and deductions from
8 farming. “Net business income”, with respect to a natural person, estate or trust,
9 means profit from a trade or business for federal income tax purposes and includes
10 net income derived as an employe as defined in section 3121 (d) (3) of the internal
11 revenue code.”.

12 **15.** Page 1599, line 3: delete “and 71.49” and substitute “, 71.49”.

13 **16.** Page 1599, line 4: after “(eon)” insert “and 77.92 (4)”.

14 **17.** Page 1599, line 8: delete “and 71.49 (1) (eon)” and substitute “, 71.49 (1)
15 (eon) and 77.92 (4)”.

16 **18.** Page 1600, line 6: after that line insert:

17 “(23t) EDUCATION CREDIT. The treatment of sections 71.05 (6) (a) 15., 71.07 (5r),
18 71.08 (1) (intro.), 71.10 (4) (i), 71.21 (4), 71.26 (2) (a), 71.28 (5r), 71.30 (3) (f), 71.34
19 (1) (g), 71.45 (2) (a) 10., 71.47 (5r), 71.49 (1) (f) and 77.92 (4) of the statutes first
20 applies to taxable years beginning on July 1, 2001.”.

21

(END)