

2001 DRAFTING REQUEST

Bill

Received: 01/10/2001

Received By: jkreye

Wanted: As time permits

Identical to LRB: 99 AB 556

For: Jeffrey Plale (608) 266-0610

By/Representing: susie

This file may be shown to any legislator: NO

Drafter: jkreye

May Contact:

Alt. Drafters:

Subject: Tax - corp. inc. and fran.
Tax Credits - miscellaneous

Extra Copies:

Pre Topic:

No specific pre topic given

Topic:

Breast milk tax credit

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>
/?	jkreye 01/13/2001	jdye 01/25/2001		_____			State
/1			kfollet 01/25/2001	_____	lrb_docadmin 01/25/2001	lrb_docadmin 01/26/2001	

FE Sent For: 01/26/2001.

<END>

2001 DRAFTING REQUEST

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FE Sent For:

<END>

(01-26-01)
"11"

Requested
By
Susie
(see above)

2001 DRAFTING REQUEST

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1/1	jkreye	1/1/25 jld	1/1/25	1/1/25	1/1/25		

FE Sent For:

<END>

1-9-01

Jusie - Rep Dale

AB 556 - 2021/1

location tax credit

e-mail to Jusie a copy

accelerate to coordinate with press release

Thurs JAN 25

1979/1

1999 - 2000 LEGISLATURE

LRB-2621/1

JK:lg:km

gld

1999 ASSEMBLY BILL 556

October 25, 1999 - Introduced by Representatives PLALE, JESKEWITZ, SCHOOFF, MUSSER, WASSERMAN, CULLEN, STASKUNAS, BOCK, SINICKI, MILLER, RILEY, HAHN, COLON, PETTIS, BOYLE and F. LASEE, cosponsored by Senators ERPENBACH, ROSENZWEIG, MOORE, ROESSLER, ZIEN, PANZER, DARLING and HUELSMAN. Referred to Committee on Ways and Means.

1-13-01
SOON
1-23-01
thompson

re you

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 (5d), 71.28 (5d) and 71.47 (5d) of the statutes; relating to: an
 4 income and franchise tax credit for a business that constructs or equips a
 5 facility for its employe^es to pump and store breast milk.

Analysis by the Legislative Reference Bureau

This bill creates an income tax and franchise tax credit for businesses that construct or equip a facility for an employe^e to pump and store breast milk during the employe^e's working hours. 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 amount paid or incurred by a business to construct or equip a facility for an employe^e to pump and store breast milk during the employe^e's working hours. The credit may not exceed \$10,000 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.

ASSEMBLY BILL 556

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:

RWF

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 (5d) and not passed through by a partnership, limited liability company or tax-option corporation that has added that amount to the partnership's, company's or tax-option corporation's income under s. 71.21 (4) or 71.34 (1) (g).

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

71.07 (5d) BREAST-MILK FACILITY CREDIT. (a) In this subsection:

1. "Breast-milk facility" means a private location that has a clean water source, a sink, and equipment for the pumping and storage of breast milk, and is used exclusively by a claimant's employees^e to pump and store breast milk during the employees^e' working hours.

2. "Claimant" means a person who files a claim under this subsection.

(b) A claimant may claim as a credit against the tax imposed under s. 71.02 an amount equal to 50% of the amount paid or incurred by the claimant to construct or equip a breast-milk facility, except that the credit shall not exceed \$10,000 in a taxable year.

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

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

ASSEMBLY BILL 556

1 the credit are based on the amount paid or incurred under par. (b). A partnership,
2 limited liability company, or tax-option corporation shall compute the amount of
3 credit that each of its partners, members, or shareholders may claim and shall
4 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 (e) Section 71.28 (4) (g) and (h), as it applies to the credit under s. 71.28 (4),
8 applies to the credit under this subsection.

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

10 71.08 (1) IMPOSITION. (intro.) If the tax imposed on a natural person, married
11 couple filing jointly, trust or estate under s. 71.02, not considering the credits under
12 ss. 71.07 (1), (2dd), (2de), (2di), (2dj), (2dL), (2df), (2ds), (2dx), (2fd), (3m), (3s), (5d),
13 (6) and (9e), 71.28 (1dd), (1de), (1di), (1dj), (1dL), (1ds), (1dx), (1fd), (2m) and (3) and
14 (5d) and 71.47 (1dd), (1de), (1di), (1dj), (1dL), (1ds), (1dx), (1fd), (2m) and (3) and (5d)
15 and subchs. VIII and IX and payments to other states under s. 71.07 (7), is less than
16 the tax under this section, there is imposed on that natural person, married couple
17 filing jointly, trust or estate, instead of the tax under s. 71.02, an alternative
18 minimum tax computed as follows:

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

20 71.10 (4) (i) The total of claim of right credit under s. 71.07 (1), farmland
21 preservation credit under subch. IX, homestead credit under subch. VIII, farmland
22 tax relief credit under s. 71.07 (3m), farmers' drought property tax credit under s.
23 71.07 (2fd), breast-milk facility credit under s. 71.07 (5d), earned income tax credit
24 under s. 71.07 (9e), estimated tax payments under s. 71.09, and taxes withheld under
25 subch. X.

See # or, 71.10(4)(FM) ⁴
71.10(4)(FM) Breast-milk facility credit under s. 71.07 (5d).

ASSEMBLY BILL 556

SECTION 5

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

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

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

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

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

71.28 (5d) BREAST-MILK FACILITY CREDIT. (a) In this subsection:

- 1. "Breast-milk facility" means a private location that has a clean water source, a sink and equipment for the pumping and storage of breast milk, and is used

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ASSEMBLY BILL 556

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exclusively by a claimant's employ^ees to pump and store breast milk during the employ^ees' working hours.

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2. "Claimant" means a person who files a claim under this subsection.

4

(b) A claimant may claim as a credit against the tax imposed under s. 71.23 an amount equal to 50% of the amount paid or incurred by the claimant to construct or equip a breast-milk facility, except that the credit shall not exceed \$10,000 in a taxable year.

5

(c) 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.

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

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

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~~SECTION 8. 71.30 (3) (f) of the statutes is amended to read:~~

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~~71.30 (3) (f) The total of farmers' drought property tax credit under s. 71.28 (1fd), farmland preservation credit under subch. IX, farmland tax relief credit under s. 71.28 (2m), breast-milk facility credit under s. 71.28 (5d) and estimated tax payments under s. 71.29.~~

25

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

~~Sec # cr; 71.30(3)(dm) ✓
71.30(3)(dm) Breast-milk facility credit under s. 71.28(5d). ✓~~

ASSEMBLY BILL 556

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

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

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

SECTION 11. 71.47 (5d) of the statutes is created to read:

71.47 (5d) BREAST-MILK FACILITY CREDIT. (a) In this subsection:

1. "Breast-milk facility" means a private location that has a clean water source, a sink and equipment for the pumping and storage of breast milk, and is used exclusively by a claimant's employees to pump and store breast milk during the employees' working hours.

2. "Claimant" means a person who files a claim under this subsection.

(b) A claimant may claim as a credit against the tax imposed under s. 71.43 an amount equal to 50% of the amount paid or incurred by the claimant to construct or equip a breast-milk facility, except that the credit shall not exceed \$10,000 in a taxable year.

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

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

ASSEMBLY BILL 556

1 the credit are based on the amount paid or incurred under par. (b). A partnership,
2 limited liability company, or tax-option corporation shall compute the amount of
3 credit that each of its partners, members, or shareholders may claim and shall
4 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 (e) Section 71.28 (4) (g) and (h), as it applies to the credit under s. 71.28 (4),
8 applies to the credit under this subsection.

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

10 ~~71.49 (1) (f) The total of farmers' drought property tax credit under s. 71.47~~
11 ~~(1fd), farmland preservation credit under subch. IX, farmland tax relief credit under~~
12 ~~s. 71.47 (2m), breast-milk facility credit under s. 71.47 (5d) and estimated tax~~
13 ~~payments under s. 71.48.~~

14 ~~SECTION 13. 77.92 (4) of the statutes is amended to read:~~

15 ~~77.92 (4) "Net business income", with respect to a partnership, means taxable~~
16 ~~income as calculated under section 703 of the internal revenue code; plus the items~~
17 ~~of income and gain under section 702 of the internal revenue code; minus the items~~
18 ~~of loss and deduction under section 702 of the internal revenue code; plus payments~~
19 ~~treated as not made to partners under section 707 (a) of the internal revenue code;~~
20 ~~plus the credits claimed under s. 71.07 (2dd), (2de), (2di), (2dj), (2dL), (2dr), (2ds),~~
21 ~~(2dx) and (3s) and (5d); but excluding income, gain, loss and deductions from~~
22 ~~farming "Net business income", with respect to a natural person, estate or trust,~~
23 ~~means profit from a trade or business for federal income tax purposes and includes~~
24 ~~net income derived as an employe as defined in section 3121 (d) (3) of the internal~~
25 ~~revenue code.~~

INSERT 7-25

INSERT 7-25

Sec # (cr; 171.49(1))(dm)

71.49(1)(dm) Breast-milk facility credit under s. 71.47(5d) 5d

Section #. 77.92 (4) of the statutes is amended to read:

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

History: 1989 a. 335; 1991 a. 39, 269; 1993 a. 16, 112, 490; 1995 a. 27, 209; 1997 a. 27; 1999 a. 9.

end of insert



State of Wisconsin

LEGISLATIVE REFERENCE BUREAU

100 NORTH HAMILTON STREET
5TH FLOOR
MADISON, WI 53701-2037

STEPHEN R. MILLER
CHIEF

LEGAL SECTION:
LEGAL FAX:

(608) 266-3561
(608) 264-6948

January 25, 2001

MEMORANDUM

To: Representative Plale
From: Joseph T. Kreye, Legislative Attorney
Re: LRB-1929 Breast milk tax credit

Joe,
Please jacket this
for Jeff. Could you
email me it too?
Thanks,
Susie Schoff

The attached draft was prepared at your request. Please indicate below for which house you would like the draft jacketed and return this memorandum to our office. If you have any questions about jacketing, please call our program assistants at 266-3561. Please allow one day for jacketing.

JACKET FOR ASSEMBLY JACKET FOR SENATE

If you have any questions concerning the attached draft, or would like to have it redrafted, please contact me at (608) 266-2263 or at the address indicated at the top of this memorandum.

If the last paragraph of the analysis states that a fiscal estimate will be prepared, the LRB will request that it be prepared after the draft is introduced. You may obtain a fiscal estimate on the attached draft before it is introduced by calling our program assistants at 266-3561. Please note that if you have previously requested that a fiscal estimate be prepared on an earlier version of this draft, you will need to call our program assistants in order to obtain a fiscal estimate on this version before it is introduced.

Please call our program assistants at 266-3561 if you have any questions regarding this memorandum.

Barman, Mike

From: Barman, Mike
Sent: Friday, January 26, 2001 1:23 PM
To: Schooff, Susie
Subject: LRB 01-1929/1 (per your request)



01-1929/1

Mike Barman

Mike Barman - Senior Program Asst. (PH. 608-266-3561)
(E-Mail: mike.barman@legis.state.wi.us) (FAX: 608-264-6948)

State of Wisconsin
Legislative Reference Bureau - Legal Section - Front Office
100 N. Hamilton Street - 5th Floor
Madison, WI 53703



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

February 14, 2001

MEMORANDUM

To: Representative Plale

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

Subject: Technical Memorandum to **2001 AB-124** (LRB 01-1929/1)

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

MEMORANDUM

February 9, 2001

TO: Joseph Kreye
Legislative Reference Bureau

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

SUBJECT: Technical Memorandum on LRB 1929/1: Income and Franchise Tax Credit for Businesses that Construct and Equip a Facility for Breast Milk Pumping and Storage

The proposed legislation makes no provision for the funding of the costs involved in administering the activities required. If the author wishes to provide funding, appropriation language could be developed and costs allocated in the following manner:

	<u>Chapter 20</u>	<u>Amount</u>	<u>FTE</u>
one-time	s. 20.566 (1) (a)	\$ 94,500	
annual	s. 20.566 (1) (a)	\$ 3,000	

If you have any questions regarding these administrative costs, please contact Pam Walgren at 266-7817.

YEB:PW:ds
I:\fsn01-02\pw\lrb19291.tec



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

February 15, 2001

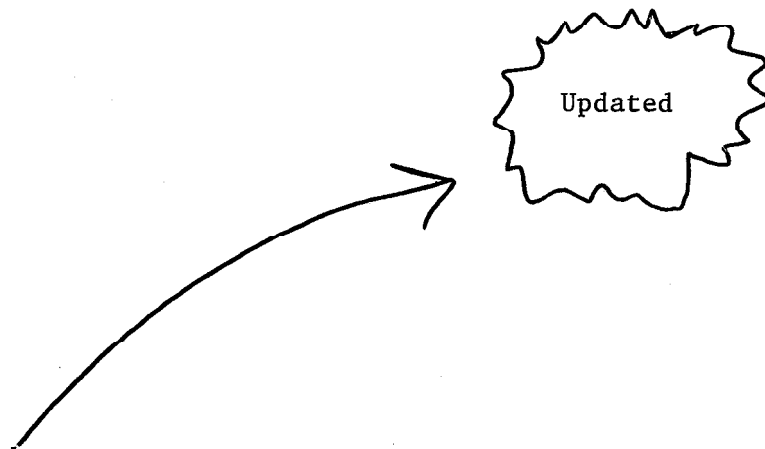
MEMORANDUM

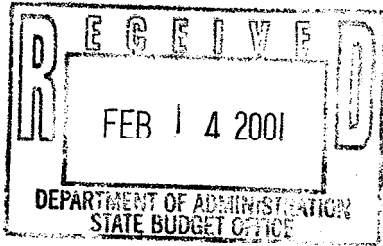
To: Representative Plale

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

Subject: Technical Memorandum to **2001 AB-124** (LRB 01-1929/1)

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





MEMORANDUM

February 13, 2001

TO: Joseph Kreye
Legislative Reference Bureau

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

SUBJECT: Updated Technical Memorandum on LRB 1929/1 Income and Franchise Tax:
Credit for Businesses That Equip a Facility for Employees to Pump and Store
Breast Milk

The bill provides that the credit may be offset against the tax imposed under section 71.02. However, the order of computation places the credit so that it is subtracted after the alternative minimum tax (AMT). If the credit is intended to apply to the AMT, then section 71.07(5d)(b) should be changed to state the credit may be claimed against the AMT. If the credit is not meant to be applied against the AMT, then the order of computation should be changed so that the credit is deducted before the AMT.

The Department would like clarification as to whether the \$10,000 credit limit is on the maximum amount of credit that can be claimed in a taxable year or that can be used to offset tax in a taxable year. For example, an employer who constructs a facility for \$40,000 would compute a \$20,000 credit ($\$40,000 \times 50\%$). If the employer has only \$5,000 of tax liability and the limit is on the amount of credit that can be claimed in a taxable year, then the employer would carryforward \$5,000 of unused credit for use in offsetting tax in future years (\$10,000 limit less \$5,000 used). If the credit limit is on the amount of credit that can be used in a taxable year, then the employer would carryforward \$15,000 of unused credit to future years (\$20,000 of credit claimed less \$5,000 used).

The analysis by the Legislative Reference Bureau states that the credit may be claimed by sole proprietors who construct or equip a facility for employees during working hours. However, the draft language also allows other individuals to claim the credit if they have household employees, even if they are not self-employed. Either the language of the draft should be changed to restrict the credit to sole proprietors or the analysis should be expanded to include individuals.

The credit is for expenses paid or incurred in a taxable year. Expenses may be incurred in one year and paid in another. Clarification is needed as to when the credit can be claimed.

The proposed legislation makes no provision for the funding of the costs involved in administering the activities required. If the author wishes to provide funding, appropriation language could be developed and costs allocated in the following manner:

	<u>Chapter 20</u>	<u>Amount</u>	<u>FTE</u>
one-time	s. 20.566 (1) (a)	\$ 94,500	
annual	s. 20.566 (1) (a)	\$ 3,000	

If you have any questions regarding this technical memorandum, please contact Pam Walgren at (608) 266-7817.

YEB:PW:ds
l:\fsn01-02\pw\lrb19291.tec