

2003 DRAFTING REQUEST

Bill

Received: **06/24/2003**

Received By: **jkreye**

Wanted: **Soon**

Identical to LRB:

For: **Mark Pocan (608) 266-8570**

By/Representing:

This file may be shown to any legislator: **NO**

Drafter: **jkreye**

May Contact:

Addl. Drafters:

Subject: **Tax - corp. inc. and fran.**

Extra Copies:

Submit via email: **YES**

Requester's email: **Rep.Pocan@legis.state.wi.us**

Carbon copy (CC:) to: **joseph.kreye@legis.state.wi.us**

Pre Topic:

No specific pre topic given

Topic:

Corporate income tax deduction for compensation paid to an employee

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 06/25/2003			_____			State
/1			chaskett 06/25/2003	_____	mbarman 06/25/2003	amentkow 06/27/2003	
				_____	mbarman 06/25/2003		

Vers. Drafted Reviewed Typed Proofed Submitted Jacketed Required

FE Sent For: *at intro*

<END>

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Received: 06/24/2003

Received By: jkreye

Wanted: Soon

Identical to LRB:

For: Mark Pocan (608) 266-8570

By/Representing: *Glenn*

This file may be shown to any legislator: NO

Drafter: jkreye

May Contact:

Addl. Drafters:

Subject: Tax - corp. inc. and fran.

Extra Copies:

Submit via email: YES

Requester's email: Rep.Pocan@legis.state.wi.us

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1/?	jkreye	1 6/25 jld	1 6/25 CPH	self 6/25			

FE Sent For:

<END>

Kreye, Joseph

From: Briganti, Sarah
Sent: Tuesday, June 24, 2003 12:44 PM
To: Kreye, Joseph
Subject: Submitted: LRB-1860/1 Topic: Tax deduction for compensation paid to an employee?body=

Joe,

Could you please draft LRB 1860 for introduction in the Assembly and send it to Rep. Pocan (attn: Glenn)?

We should be introducing sometime in the near future.

Thanks!

*Sarah Briganti
Legislative Assistant
Office of Senator Fred A. Risser
Wisconsin State Senate
608-266-1627*

2907/1
Stays

~~2000~~

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

Analysis by the Legislative Reference Bureau

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

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

For further information see the *state* fiscal estimate, which will be printed as an appendix to this bill.

The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:

3 SECTION 1. 71.26 (3) (e) 1. of the statutes is amended to read:

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

BILL

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

SECTION 2. Initial applicability.

7 (1) This act first applies to taxable years beginning on January 1, 2003. ✓

8 (END)

Mentkowski, Annie

From: Wavrunek, Glenn
Sent: Friday, June 27, 2003 11:20 AM
To: LRB.Legal
Subject: Draft review: LRB 03-2907/1 Topic: Corporate income tax deduction for compensation paid to an employee

It has been requested by <Wavrunek, Glenn> that the following draft be jacketed for the ASSEMBLY:

Draft review: LRB 03-2907/1 Topic: Corporate income tax deduction for compensation paid to an employee



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

LRB

July 22, 2003

MEMORANDUM

To: Representative Pocan

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

Subject: Technical Memorandum to **2003 AB 434** (LRB-2907/1)

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

July 18, 2003

TO: Joseph Kreye
Legislative Reference Bureau

FROM: Eng Braun
Department of Revenue

SUBJECT: Technical Memorandum on AB 434: Corporate Income Tax Deduction for Compensation Paid to an Employee

The bill applies only to regular (C) corporations. The author may want to add similar language for tax-option (S) corporations and insurance companies under secs. 71.34 (1) and 71.45 (2)(a), respectively.

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