

2007 DRAFTING REQUEST

Bill

Received: **05/08/2007**

Received By: **jkreye**

Wanted: **Soon**

Identical to LRB:

For: **Mark Honadel (608) 266-0610**

By/Representing: **jason**

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

Drafter: **jkreye**

May Contact:

Addl. Drafters:

Subject: **Tax, Business - credits**

Extra Copies:

Submit via email: **YES**

Requester's email: **Rep.Honadel@legis.wisconsin.gov**

Carbon copy (CC:) to:

Pre Topic:

No specific pre topic given

Topic:

Tax credits for technology training

Instructions:

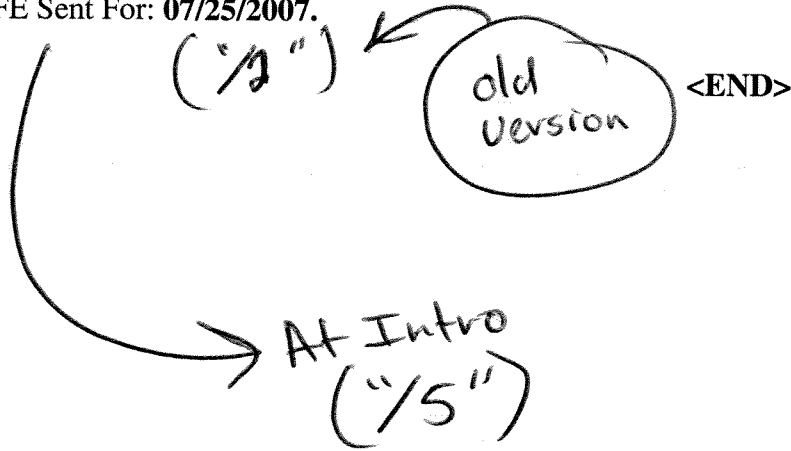
See Attached

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 05/08/2007	jdyer 05/09/2007		_____			State
/1	jkreye 07/25/2007	jdyer 07/25/2007	rschluet 05/09/2007	_____	lparisi 05/09/2007		State
/2	jkreye 08/21/2007	jdyer 08/21/2007	nmatzke 07/25/2007	_____	sbasford 07/25/2007		State
/3	jkreye	jdyer	nmatzke	_____	sbasford		State

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/5			nmatzke 08/23/2007	_____	lparisi 08/23/2007	cduerst 09/21/2007	

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FE Sent For: "12" sent for 7-25-2007 per Jason Vick
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Bill

Received: 05/08/2007

Received By: jkreye

Wanted: Soon

Identical to LRB:

For: Ted Kanavas (608) 266-9174

By/Representing: shawn

This file may be shown to any legislator: NO

Drafter: jkreye

May Contact:

Addl. Drafters:

Subject: Tax, Business - credits

Extra Copies:

Submit via email: YES

Requester's email: Sen.Kanavas@legis.wisconsin.gov

Carbon copy (CC:) to: joseph.kreye@legis.wisconsin.gov

Pre Topic:

No specific pre topic given

Topic:

Tax credits for technology training

Instructions:

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For: Ted Kanavas (608) 266-9174

By/Representing: shawn

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Addl. Drafters:

Subject: Tax, Business - credits

Extra Copies:

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FE Sent For:

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stays

2007 BILL

in 5-8-07
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re gen

1 AN ACT *to amend* 71.05 (6) (a) 15., 71.21 (4), 71.26 (2) (a), 71.34 (1) (g), 71.45 (2)

2 (a) 10. and 77.92 (4); and *to create* 71.07 (5i), 71.07 (5j), 71.10 (4) (ep), 71.10 (4)

3 (es), 71.28 (5i), 71.28 (5j), 71.30 (3) (de), 71.30 (3) (df), 71.47 (5i), 71.47 (5j), 71.49

4 (1) (ed) and 71.49 (1) (ee) of the statutes; **relating to:** income and franchise tax

5 credits for ~~creating manufacturing jobs and for~~ technology training.

Analysis by the Legislative Reference Bureau

~~This bill creates income and franchise tax credits for creating full time manufacturing jobs in this state.~~ The bill ~~also~~ provides income and franchise tax credits for amounts that the taxpayer paid in the taxable year to provide technology training to an individual who is the taxpayer's employee in this state or who will be the taxpayer's employee in this state after completing the training. Under the bill, "technology training" is training related to design, frame, vehicle, internal combustion engine, generator, casting, and vehicle technologies, regardless of whether the training is provided by the taxpayer, the original equipment manufacturer, or another person and regardless of whether the training is provided in person or by other means.

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), (2dm), (2dr), (2ds), (2dx), (3g), (3n), (3s), (3t), (3w), (5b), (5d), and
4 (5e), (5f), and (5h), ~~(5i)~~ and (5j) and not passed through by a partnership, limited
5 liability company, or tax-option corporation that has added that amount to the
6 partnership's, company's, or tax-option corporation's income under s. 71.21 (4) or
7 71.34 (1) (g).

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

9 71.07 **(5i)** MANUFACTURING JOBS CREATION CREDIT. (a) *Definitions.* In this
10 subsection:

- 11 1. "Claimant" means a person who files a claim under this subsection.
- 12 2. "Full-time job" means a regular, nonseasonal full-time position in which an
13 individual, as a condition of employment, is required to work at least 2,080 hours per
14 year, including paid leave and holidays, and for which the individual receives pay
15 that is equal to at least 150 percent of the federal minimum wage and receives
16 benefits that are not required by federal or state law. "Full-time job" does not include
17 initial training before an employment position begins.

18 (b) *Filing claims.* Subject to the limitations provided in this subsection, a
19 claimant may claim as a credit against the tax imposed under s. 71.02, up to the
20 amount of the tax, an amount equal to one of the following amounts for each full-time
21 job created in this state in the taxable year by the claimant, if the claimant, and the

BILL

1 employee who fills the job, is engaged in an activity that is classified as
2 manufacturing under s. 70.995:

3 1. If the claimant creates at least 5 such jobs in the taxable year, \$4,000 for each
4 job.

5 2. If the claimant creates at least 10 such jobs in the taxable year, \$3,000 for
6 each job.

7 3. If the claimant creates at least 15 such jobs in the taxable year, \$2,500 for
8 each job.

9 4. If the claimant creates at least 25 such jobs in the taxable year, \$1,250 for
10 each job.

11 (c) *Limitations.* 1. No claimant may claim a credit under this section for any
12 full-time job that is eliminated in less than 12 months from the date that the job is
13 created.

14 2. 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 creation of qualified jobs under par. (b). A partnership,
17 limited liability company, or tax-option corporation shall compute the amount of
18 credit that each of its partners, members, or shareholders may claim and shall
19 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 interests.

22 (d) *Administration.* Section 71.28 (4) (e) to (h), as it applies to the credit under
23 s. 71.28 (4), applies to the credit under this subsection.

24 **SECTION 3.** 71.07 (5j) of the statutes is created to read:

25 71.07 (5j) TECHNOLOGY TRAINING CREDIT. (a) *Definitions.* In this subsection:

BILL

- 1 1. "Claimant" means a person who files a claim under this subsection.
- 2 2. "Frame" includes:
- 3 a. Every part of a motorcycle, except the tires.
- 4 b. In the case of a truck, the control system and the fuel and drive train,
- 5 excluding any comfort features located in the cab or the tires.
- 6 c. In the case of a generator, the control modules, fuel train, fuel scrubbing
- 7 process, fuel mixers, generator, heat exchangers, exhaust train, and similar
- 8 components.
- 9 3. "Internal combustion engine" includes substitute products such as fuel cell,
- 10 electric, and hybrid drives.
- 11 4. "Technology training" means training in all of the following areas related to
- 12 design, frame, vehicle, internal combustion engine, generator, casting, and vehicle
- 13 technologies, regardless of whether the training is provided by the claimant, the
- 14 original equipment manufacturer, or another person and regardless of whether the
- 15 training is provided in person or by other means:
- 16 a. New technology.
- 17 b. Safety and compliance.
- 18 c. Technology and professional development.
- 19 d. Proficiency.
- 20 5. "Vehicle" means any vehicle or frame, including parts, accessories, and
- 21 component technologies, in which or on which an engine is mounted for use in mobile
- 22 or stationary applications. "Vehicle" includes any truck, tractor, motorcycle,
- 23 snowmobile, all-terrain vehicle, boat, personal watercraft, generator, construction
- 24 equipment, lawn and garden maintenance equipment, automobile, van, sports
- 25 utility vehicle, motor home, bus, or aircraft.

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1 (b) *Filing claims.* Subject to the limitations provided in this subsection, a
2 claimant may claim as a credit against the tax imposed under s. 71.02, up to the
3 amount of the tax, the amount that the claimant paid in the taxable year for
4 technology training, if the individual receiving the training is the claimant's
5 employee in this state or will be the claimant's employee in this state after
6 completing the training.

7 (c) *Limitations.* 1. For the first taxable year for which a claimant pays an
8 amount under par. (b) to train an individual, the maximum amount that the claimant
9 may claim under par. (b) for training that individual is \$6,750 for the taxable year.
10 For the 2nd taxable year for which the claimant pays an amount under par. (b) to
11 train the same individual, the maximum amount that the claimant may claim under
12 par. (b) for training that individual is \$1,350 for the taxable year. For the 3rd and
13 every subsequent taxable year for which the claimant pays an amount under par. (b)
14 to train the same individual, the claimant may claim 5 percent of that amount, but
15 the maximum amount of the claim may not exceed \$3,000.

16 2. No claimant may receive a credit under this subsection unless the individual
17 who receives the technology training receives at least 150 hours of such training in
18 the first taxable year for which the claimant claims a credit under this subsection and
19 at least 20 hours of such training in the 2nd taxable year for which the claimant
20 claims a credit under this subsection.

21 3. Partnerships, limited liability companies, and tax-option corporations may
22 not claim the credit under this subsection, but the eligibility for, and the amount of,
23 the credit are based on their payment of amounts under par. (b). A partnership,
24 limited liability company, or tax-option corporation shall compute the amount of
25 credit that each of its partners, members, or shareholders may claim and shall

BILL

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

4 (d) *Administration*. Section 71.28 (4) (e) to (h), as it applies to the credit under
5 s. 71.28 (4), applies to the credit under this subsection.

6 **SECTION 4.** 71.10 (4) (ep) of the statutes is created to read:

7 71.10 (4) (ep) Manufacturing jobs creation credit under s. 71.07 (5i).

8 **SECTION 5.** 71.10 (4) (es) of the statutes is created to read:

9 71.10 (4) (es) Technology training credit under s. 71.07 (5j).

10 **SECTION 6.** 71.21 (4) of the statutes is amended to read:

11 71.21 (4) Credits computed by a partnership under s. 71.07 (2dd), (2de), (2di),
12 (2dj), (2dL), (2dm), (2ds), (2dx), (3g), (3n), (3s), (3t), (3w), (5b), (5e), (5f), (5g), and (5h),
13 ~~(5i)~~ and (5j) and passed through to partners shall be added to the partnership's
14 income.

15 **SECTION 7.** 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), (3), (4), and (5) minus, as provided under s. 71.28 (3) (c)
20 7., the amount of the credit under s. 71.28 (3) that the taxpayer added to income
21 under this paragraph at the time that the taxpayer first claimed the credit plus the
22 amount of the credit computed under s. 71.28 (1dd), (1de), (1di), (1dj), (1dL), (1dm),
23 (1ds), (1dx), (3g), (3n), (3t), (3w), (5b), (5e), (5f), (5g), and (5h), ~~(5i)~~ and (5j) and not
24 passed through by a partnership, limited liability company, or tax-option
25 corporation that has added that amount to the partnership's, limited liability

BILL

1 company's, or tax-option corporation's income under s. 71.21 (4) or 71.34 (1) (g) plus
2 the amount of losses from the sale or other disposition of assets the gain from which
3 would be wholly exempt income, as defined in sub. (3) (L), if the assets were sold or
4 otherwise disposed of at a gain and minus deductions, as computed under the
5 Internal Revenue Code as modified under sub. (3), plus or minus, as appropriate, an
6 amount equal to the difference between the federal basis and Wisconsin basis of any
7 asset sold, exchanged, abandoned, or otherwise disposed of in a taxable transaction
8 during the taxable year, except as provided in par. (b) and s. 71.45 (2) and (5).

9 **SECTION 8.** 71.28 (5i) of the statutes is created to read:

10 **71.28 (5i) MANUFACTURING JOBS CREATION CREDIT.** (a) *Definitions.* In this
11 subsection:

- 12 1. "Claimant" means a person who files a claim under this subsection.
- 13 2. "Full-time job" means a regular, nonseasonal full-time position in which an
14 individual, as a condition of employment, is required to work at least 2,080 hours per
15 year, including paid leave and holidays, and for which the individual receives pay
16 that is equal to at least 150 percent of the federal minimum wage and receives
17 benefits that are not required by federal or state law. "Full-time job" does not include
18 initial training before an employment position begins.

19 (b) *Filing claims.* Subject to the limitations provided in this subsection, a
20 claimant may claim as a credit against the tax imposed under s. 71.23, up to the
21 amount of the tax, an amount equal to one of the following amounts for each full-time
22 job created in this state in the taxable year by the claimant, if the claimant, and the
23 employee who fills the job, is engaged in an activity that is classified as
24 manufacturing under s. 70.995:

BILL

1 1. If the claimant creates at least 5 such jobs in the taxable year, \$4,000 for each
2 job.

3 2. If the claimant creates at least 10 such jobs in the taxable year, \$3,000 for
4 each job.

5 3. If the claimant creates at least 15 such jobs in the taxable year, \$2,500 for
6 each job.

7 4. If the claimant creates at least 25 such jobs in the taxable year, \$1,250 for
8 each job.

9 (c) *Limitations.* 1. No claimant may claim a credit under this section for any
10 full-time job that is eliminated in less than 12 months from the date that the job is
11 created.

12 2. 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 creation of qualified jobs under par. (b). A partnership,
15 limited liability company, or tax-option corporation shall compute the amount of
16 credit that each of its partners, members, or shareholders may claim and shall
17 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 interests.

20 (d) *Administration.* Subsection (4) (e) to (h), as it applies to the credit under
21 sub. (4), applies to the credit under this subsection.

22 **SECTION 9.** 71.28 (5j) of the statutes is created to read:

23 71.28 (5j) TECHNOLOGY TRAINING CREDIT. (a) *Definitions.* In this subsection:

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

25 2. "Frame" includes:

BILL

1 a. Every part of a motorcycle, except the tires.

2 b. In the case of a truck, the control system and the fuel and drive train,
3 excluding any comfort features located in the cab or the tires.

4 c. In the case of a generator, the control modules, fuel train, fuel scrubbing
5 process, fuel mixers, generator, heat exchangers, exhaust train, and similar
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7 3. "Internal combustion engine" includes substitute products such as fuel cell,
8 electric, and hybrid drives.

9 4. "Technology training" means training in all of the following areas related to
10 design, frame, vehicle, internal combustion engine, generator, casting, and vehicle
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12 original equipment manufacturer, or another person and regardless of whether the
13 training is provided in person or by other means:

14 a. New technology.

15 b. Safety and compliance.

16 c. Technology and professional development.

17 d. Proficiency.

18 5. "Vehicle" means any vehicle or frame, including parts, accessories, and
19 component technologies, in which or on which an engine is mounted for use in mobile
20 or stationary applications. "Vehicle" includes any truck, tractor, motorcycle,
21 snowmobile, all-terrain vehicle, boat, personal watercraft, generator, construction
22 equipment, lawn and garden maintenance equipment, automobile, van, sports
23 utility vehicle, motor home, bus, or aircraft.

24 (b) *Filing claims.* Subject to the limitations provided in this subsection, a
25 claimant may claim as a credit against the tax imposed under s. 71.23, up to the

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1 amount of the tax, the amount that the claimant paid in the taxable year for
2 technology training, if the individual receiving the training is the claimant's
3 employee in this state or will be the claimant's employee in this state after
4 completing the training.

5 (c) *Limitations.* 1. For the first taxable year for which a claimant pays an
6 amount under par. (b) to train an individual, the maximum amount that the claimant
7 may claim under par. (b) for training that individual is \$6,750 for the taxable year.
8 For the 2nd taxable year for which the claimant pays an amount under par. (b) to
9 train the same individual, the maximum amount that the claimant may claim under
10 par. (b) for training that individual is \$1,350 for the taxable year. For the 3rd and
11 every subsequent taxable year for which the claimant pays an amount under par. (b)
12 to train the same individual, the claimant may claim 5 percent of that amount, but
13 the maximum amount of the claim may not exceed \$3,000.

14 2. No claimant may receive a credit under this subsection unless the individual
15 who receives the technology training receives at least 150 hours of such training in
16 the first taxable year for which the claimant claims a credit under this subsection and
17 at least 20 hours of such training in the 2nd taxable year for which the claimant
18 claims a credit under this subsection.

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

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1 companies, and shareholders of tax-option corporations may claim the credit in
2 proportion to their ownership interests.

3 (d) *Administration.* Subsection (4) (e) to (h), as it applies to the credit under
4 sub. (4), applies to the credit under this subsection.

5 **SECTION 10.** 71.30 (3) (de) of the statutes is created to read:

6 71.30 (3) (de) Manufacturing jobs creation credit under s. 71.28 (5i).

7 **SECTION 11.** 71.30 (3) (df) of the statutes is created to read:

8 71.30 (3) (df) Technology training credit under s. 71.28 (5j).

9 **SECTION 12.** 71.34 (1) (g) of the statutes is amended to read:

10 71.34 (1) (g) An addition shall be made for credits computed by a tax-option
11 corporation under s. 71.28 (1dd), (1de), (1di), (1dj), (1dL), (1dm), (1ds), (1dx), (3), (3g),
12 (3n), (3t), (3w), (5b), (5e), (5f), (5g), and (5h) ~~(5i)~~ and (5j) and passed through to
13 shareholders.

14 **SECTION 13.** 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), (3n), (3w), (5b), (5e), (5f), (5g), and (5h) ~~(5i)~~
17 and (5j) and not passed through by a partnership, limited liability company, or
18 tax-option corporation that has added that amount to the partnership's, limited
19 liability company's, or tax-option corporation's income under s. 71.21 (4) or 71.34 (1)
20 (g) and the amount of credit computed under s. 71.47 (1), (3), (3t), (4), and (5).

21 **SECTION 14.** 71.47 (5i) of the statutes is created to read:

22 71.47 (5i) MANUFACTURING JOBS CREATION CREDIT. (a) *Definitions.* In this
23 subsection:

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

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1 2. "Full-time job" means a regular, nonseasonal full-time position in which an
2 individual, as a condition of employment, is required to work at least 2,080 hours per
3 year, including paid leave and holidays, and for which the individual receives pay
4 that is equal to at least 150 percent of the federal minimum wage and receives
5 benefits that are not required by federal or state law. "Full-time job" does not include
6 initial training before an employment position begins.

7 (b) *Filing claims.* Subject to the limitations provided in this subsection, a
8 claimant may claim as a credit against the tax imposed under s. 71.43, up to the
9 amount of the tax, an amount equal to one of the following amounts for each full-time
10 job created in this state in the taxable year by the claimant, if the claimant, and the
11 employee who fills the job, is engaged in an activity that is classified as
12 manufacturing under s. 70.995:

13 1. If the claimant creates at least 5 such jobs in the taxable year, \$4,000 for each
14 job.

15 2. If the claimant creates at least 10 such jobs in the taxable year, \$3,000 for
16 each job.

17 3. If the claimant creates at least 15 such jobs in the taxable year, \$2,500 for
18 each job.

19 4. If the claimant creates at least 25 such jobs in the taxable year, \$1,250 for
20 each job.

21 (c) *Limitations.* 1. No claimant may claim a credit under this section for any
22 full-time job that is eliminated in less than 12 months from the date that the job is
23 created.

24 2. 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,

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1 the credit are based on their creation of qualified jobs 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 interests.

7 (d) *Administration.* Section 71.28 (4) (e) to (h), as it applies to the credit under
8 s. 71.28 (4), applies to the credit under this subsection.

9 **SECTION 15.** 71.47 (5j) of the statutes is created to read:

10 71.47 (5j) TECHNOLOGY TRAINING CREDIT. (a) *Definitions.* In this subsection:

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

12 2. "Frame" includes:

13 a. Every part of a motorcycle, except the tires.

14 b. In the case of a truck, the control system and the fuel and drive train,
15 excluding any comfort features located in the cab or the tires.

16 c. In the case of a generator, the control modules, fuel train, fuel scrubbing
17 process, fuel mixers, generator, heat exchangers, exhaust train, and similar
18 components.

19 3. "Internal combustion engine" includes substitute products such as fuel cell,
20 electric, and hybrid drives.

21 4. "Technology training" means training in all of the following areas related to
22 design, frame, vehicle, internal combustion engine, generator, casting, and vehicle
23 technologies, regardless of whether the training is provided by the claimant, the
24 original equipment manufacturer, or another person and regardless of whether the
25 training is provided in person or by other means:

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- 1 a. New technology.
- 2 b. Safety and compliance.
- 3 c. Technology and professional development.
- 4 d. Proficiency.

5 5. "Vehicle" means any vehicle or frame, including parts, accessories, and
6 component technologies, in which or on which an engine is mounted for use in mobile
7 or stationary applications. "Vehicle" includes any truck, tractor, motorcycle,
8 snowmobile, all-terrain vehicle, boat, personal watercraft, generator, construction
9 equipment, lawn and garden maintenance equipment, automobile, van, sports
10 utility vehicle, motor home, bus, or aircraft.

11 (b) *Filing claims.* Subject to the limitations provided in this subsection, a
12 claimant may claim as a credit against the tax imposed under s. 71.43, up to the
13 amount of the tax, the amount that the claimant paid in the taxable year for
14 technology training, if the individual receiving the training is the claimant's
15 employee in this state or will be the claimant's employee in this state after
16 completing the training.

17 (c) *Limitations.* 1. For the first taxable year for which a claimant pays an
18 amount under par. (b) to train an individual, the maximum amount that the claimant
19 may claim under par. (b) for training that individual is \$6,750 for the taxable year.
20 For the 2nd taxable year for which the claimant pays an amount under par. (b) to
21 train the same individual, the maximum amount that the claimant may claim under
22 par. (b) for training that individual is \$1,350 for the taxable year. For the 3rd and
23 every subsequent taxable year for which the claimant pays an amount under par. (b)
24 to train the same individual, the claimant may claim 5 percent of that amount, but
25 the maximum amount of the claim may not exceed \$3,000.

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1 2. No claimant may receive a credit under this subsection unless the individual
2 who receives the technology training receives at least 150 hours of such training in
3 the first taxable year for which the claimant claims a credit under this subsection and
4 at least 20 hours of such training in the 2nd taxable year for which the claimant
5 claims a credit under this subsection.

6 3. 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 amounts under par. (b). A partnership,
9 limited liability company, or tax-option corporation shall compute the amount of
10 credit that each of its partners, members, or shareholders may claim and shall
11 provide that information to each of them. Partners, members of limited liability
12 companies, and shareholders of tax-option corporations may claim the credit in
13 proportion to their ownership interests.

14 (d) *Administration.* Section 71.28 (4) (e) to (h), as it applies to the credit under
15 s. 71.28 (4), applies to the credit under this subsection.

16 ~~SECTION 16. 71.49 (1) (ed) of the statutes is created to read:~~

17 ~~71.49 (1) (ed) Manufacturing jobs creation credit under s. 71.47 (5i).~~

18 SECTION 17. 71.49 (1) (ee) of the statutes is created to read:

19 71.49 (1) (ee) Technology training credit under s. 71.47 (5j).

20 SECTION 18. 77.92 (4) of the statutes is amended to read:

21 77.92 (4) "Net business income," with respect to a partnership, means taxable
22 income as calculated under section 703 of the Internal Revenue Code; plus the items
23 of income and gain under section 702 of the Internal Revenue Code, including taxable
24 state and municipal bond interest and excluding nontaxable interest income or
25 dividend income from federal government obligations; minus the items of loss and

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

SECTION 19. Initial applicability.

12
13 (1) This act first applies to taxable years beginning on January 1 of the year
14 in which this subsection takes effect, except that if this subsection takes effect after
15 July 31 this act first applies to taxable years beginning on January 1 of the year
16 following the year in which this subsection takes effect.

17 (END)

Kreye, Joseph

From: Vick, Jason
Sent: Wednesday, July 25, 2007 12:21 PM
To: Kreye, Joseph
Subject: FW: Questions regarding LRB 2681

Just to clarify, we want the first year training credit to be \$3,000 in all instances in the bill, as I see these amounts are listed again on page 6 and page 9.

I assume these sections are repeated as such because it needs to change current statute in multiple areas.

From: Vick, Jason
Sent: Wednesday, July 25, 2007 11:33 AM
To: Kreye, Joseph
Subject: RE: Questions regarding LRB 2681

Joe,

When you have a chance, we would like to make a change to the draft LRB 2681/1.

On page 3, line 16 change \$6,750 to \$3,000.

Thank you.

Jason Vick

Office of Rep. Mark Honadel
Majority Caucus Chair
608-266-0611

From: Kreye, Joseph
Sent: Tuesday, June 05, 2007 2:37 PM
To: Vick, Jason
Subject: RE: Questions regarding LRB 2681

Jason,

1. A tax-option corporation is a corporation which is treated as an S corporation under subchapter S of the Internal Revenue Code. Generally, these entities are called "tax-option corporations" because, under certain circumstances, they can "elect" to be treated as S corporations or as some other type of corporation for tax purposes. The language you refer to is "boilerplate" language (i.e., technical) that is included in all the corporate income and franchise tax credits under ss. 71.07, 71.28, and 71.47.

2. This language relates to the computation of tax liability for certain entities and is, generally, intended to ensure that the income of "pass-through" entities is claimed by the partners, members, and shareholders of such entities. This too is "boilerplate" language that is included in all corporate income and franchise tax credits under ss. 71.07, 71.28, and 71.47.

Joe

Joseph T. Kreye
Senior Legislative Attorney
Legislative Reference Bureau
(608) 266-2263

From: Vick, Jason
Sent: Tuesday, June 05, 2007 2:23 PM
To: Kreye, Joseph
Subject: Questions regarding LRB 2681

Joesph,

Rep. Honadel has some questions on a draft you worked on -- LRB 2681, relating to income and franchise tax credits for technology training.

Sen. Kanavas had requested the draft, but his office has shared the draft with our office and given permission to discuss it with you.

Rep. Honadel's questions are:

1. Page 4, line 3: What is the definition of a tax-option corporation?
2. Page 8, lines 4-9: Please explain what this means.

Thanks,

Jason Vick
Office of Rep. Mark Honadel
Majority Caucus Chair
608-266-0611