

RM mtr

2007 BILL

in 7-25-07

Troby

Regen

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 (5j), 71.10 (4) (cn), 71.28 (5j), 71.30 (3)
 3 (df), 71.47 (5j) and 71.49 (1) (ee) of the statutes; **relating to:** income and
 4 franchise tax credits for technology training.

Analysis by the Legislative Reference Bureau

The bill 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.

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:

5 SECTION 1. 71.05 (6) (a) 15. of the statutes is amended to read:

BILL**SECTION 1**

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

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

7 71.07 (5j) TECHNOLOGY TRAINING CREDIT. (a) *Definitions.* In this subsection:

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

9 2. "Frame" includes:

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

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

13 c. In the case of a generator, the control modules, fuel train, fuel scrubbing
14 process, fuel mixers, generator, heat exchangers, exhaust train, and similar
15 components.

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

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

23 a. New technology.

24 b. Safety and compliance.

25 c. Technology and professional development.

BILL

1 d. Proficiency.

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

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

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

23 2. No claimant may receive a credit under this subsection unless the individual
24 who receives the technology training receives at least 150 hours of such training in
25 the first taxable year for which the claimant claims a credit under this subsection and

BILL**SECTION 2**

1 at least 20 hours of such training in the 2nd taxable year for which the claimant
2 claims a credit under this subsection.

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

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

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

14 71.10 (4) (cn) Technology training credit under s. 71.07 (5j).

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

16 71.21 (4) Credits computed by a partnership under s. 71.07 (2dd), (2de), (2di),
17 (2dj), (2dL), (2dm), (2ds), (2dx), (3g), (3n), (3s), (3t), (3w), (5b), (5e), (5f), (5g), ~~and~~ (5h),
18 and (5j) and passed through to partners shall be added to the partnership's income.

19 **SECTION 5.** 71.26 (2) (a) of the statutes is amended to read:

20 71.26 (2) (a) *Corporations in general.* The "net income" of a corporation means
21 the gross income as computed under the Internal Revenue Code as modified under
22 sub. (3) minus the amount of recapture under s. 71.28 (1di) plus the amount of credit
23 computed under s. 71.28 (1), (3), (4), and (5) minus, as provided under s. 71.28 (3) (c)
24 7., the amount of the credit under s. 71.28 (3) that the taxpayer added to income
25 under this paragraph at the time that the taxpayer first claimed the credit plus the

BILL

1 amount of the credit computed under s. 71.28 (1dd), (1de), (1di), (1dj), (1dL), (1dm),
2 (1ds), (1dx), (3g), (3n), (3t), (3w), (5b), (5e), (5f), (5g), ~~and (5h), and (5j)~~ and not passed
3 through by a partnership, limited liability company, or tax-option corporation that
4 has added that amount to the partnership's, limited liability company's, or
5 tax-option corporation's income under s. 71.21 (4) or 71.34 (1) (g) plus the amount
6 of losses from the sale or other disposition of assets the gain from which would be
7 wholly exempt income, as defined in sub. (3) (L), if the assets were sold or otherwise
8 disposed of at a gain and minus deductions, as computed under the Internal Revenue
9 Code as modified under sub. (3), plus or minus, as appropriate, an amount equal to
10 the difference between the federal basis and Wisconsin basis of any asset sold,
11 exchanged, abandoned, or otherwise disposed of in a taxable transaction during the
12 taxable year, except as provided in par. (b) and s. 71.45 (2) and (5).

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

14 **71.28 (5j) TECHNOLOGY TRAINING CREDIT.** (a) *Definitions.* In this subsection:

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

16 2. "Frame" includes:

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

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

20 c. In the case of a generator, the control modules, fuel train, fuel scrubbing
21 process, fuel mixers, generator, heat exchangers, exhaust train, and similar
22 components.

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

BILL

SECTION 6

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

- 6 a. New technology.
7 b. Safety and compliance.
8 c. Technology and professional development.
9 d. Proficiency.

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

16 (b) *Filing claims.* Subject to the limitations provided in this subsection, a
17 claimant may claim as a credit against the tax imposed under s. 71.23, up to the
18 amount of the tax, the amount that the claimant paid in the taxable year for
19 technology training, if the individual receiving the training is the claimant's
20 employee in this state or will be the claimant's employee in this state after
21 completing the training.

22 (c) *Limitations.* 1. For the first taxable year for which a claimant pays an
23 amount under par. (b) to train an individual, the maximum amount that the claimant
24 may claim under par. (b) for training that individual is ~~\$6,750~~ ^{\$3,000} for the taxable year.
25 For the 2nd taxable year for which the claimant pays an amount under par. (b) to

BILL

1 train the same individual, the maximum amount that the claimant may claim under
2 par. (b) for training that individual is \$1,350 for the taxable year. For the 3rd and
3 every subsequent taxable year for which the claimant pays an amount under par. (b)
4 to train the same individual, the claimant may claim 5 percent of that amount, but
5 the maximum amount of the claim may not exceed \$3,000.

6 2. No claimant may receive a credit under this subsection unless the individual
7 who receives the technology training receives at least 150 hours of such training in
8 the first taxable year for which the claimant claims a credit under this subsection and
9 at least 20 hours of such training in the 2nd taxable year for which the claimant
10 claims a credit under this subsection.

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

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

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

22 71.30 (3) (df) Technology training credit under s. 71.28 (5j).

23 **SECTION 8.** 71.34 (1) (g) of the statutes is amended to read:

24 71.34 (1) (g) An addition shall be made for credits computed by a tax-option
25 corporation under s. 71.28 (1dd), (1de), (1di), (1dj), (1dL), (1dm), (1ds), (1dx), (3), (3g),

BILL**SECTION 8**

1 (3n), (3t), (3w), (5b), (5e), (5f), (5g), ~~and (5h)~~, and (5j) and passed through to
2 shareholders.

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

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

10 **SECTION 10.** 71.47 (5j) of the statutes is created to read:

11 71.47 (5j) TECHNOLOGY TRAINING CREDIT. (a) *Definitions.* In this subsection:

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

13 2. "Frame" includes:

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

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

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

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

22 4. "Technology training" means training in all of the following areas related to
23 design, frame, vehicle, internal combustion engine, generator, casting, and vehicle
24 technologies, regardless of whether the training is provided by the claimant, the

BILL

1 original equipment manufacturer, or another person and regardless of whether the
2 training is provided in person or by other means:

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

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

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

19 (c) *Limitations.* 1. For the first taxable year for which a claimant pays an
20 amount under par. (b) to train an individual, the maximum amount that the claimant
21 may claim under par. (b) for training that individual is ~~\$6,750~~^{\$3,000} for the taxable year.
22 For the 2nd taxable year for which the claimant pays an amount under par. (b) to
23 train the same individual, the maximum amount that the claimant may claim under
24 par. (b) for training that individual is \$1,350 for the taxable year. For the 3rd and
25 every subsequent taxable year for which the claimant pays an amount under par. (b)

BILL**SECTION 10**

1 to train the same individual, the claimant may claim 5 percent of that amount, but
2 the maximum amount of the claim may not exceed \$3,000.

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

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

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

18 **SECTION 11.** 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 12.** 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

BILL

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)~~, and (5j); and plus or minus, as appropriate, transitional adjustments,
6 depreciation differences, and basis differences under s. 71.05 (13), (15), (16), (17), and
7 (19); but excluding income, gain, loss, and deductions from farming. "Net business
8 income," with respect to a natural person, estate, or trust, means profit from a trade
9 or business for federal income tax purposes and includes net income derived as an
10 employee as defined in section 3121 (d) (3) of the Internal Revenue Code.

SECTION 13. Initial applicability.

11
12 (1) This act first applies to taxable years beginning on January 1 of the year
13 in which this subsection takes effect, except that if this subsection takes effect after
14 July 31 this act first applies to taxable years beginning on January 1 of the year
15 following the year in which this subsection takes effect.

16 (END)

Duerst, Christina

From: Basford, Sarah
Sent: Wednesday, July 25, 2007 2:43 PM
To: Barman, Mike
Cc: Duerst, Christina
Subject: FW: Fiscal Estimate Request

Attachments: 07-26812.pdf

Sarah Basford

Program Assistant
Legislative Reference Bureau
1 East Main, Suite 200
(608) 266-3561
sarah.basford@legis.wisconsin.gov

From: Vick, Jason
Sent: Wednesday, July 25, 2007 2:35 PM
To: LRB.Legal
Subject: Fiscal Estimate Request

Mike,

I was wondering if it would be possible to get a fiscal estimate prepared on LRB-2681/2 (attached below).



07-26812.pdf (38
KB)

Thanks,

Jason Vick

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

Kreye, Joseph

From: Bentley Gov't Affairs [bentleygov@sbcglobal.net]
Sent: Tuesday, August 21, 2007 9:41 AM
To: Kreye, Joseph
Cc: Vick, Jason
Subject: Re: Tech Training Bill LRB 07-2681/2

Joe:

1. 20 hrs after the second yr and beyond
2. \$3000 max per employee trained

Marc Bentley
President

Bentley Gov't Affairs
2 East Mifflin St. Ste 600
Madison, WI 53701

608 252 9205 Office
608 698 0707 Cell

----- Original Message -----

From: Kreye, Joseph
To: Bentley Gov't Affairs
Cc: Vick, Jason
Sent: Monday, August 20, 2007 1:49 PM
Subject: RE: Tech Training Bill LRB 07-2681/2

Marc (and Jason),

With regard to comment #5, paragraph 2, did you mean 40 hours in the 3rd year and in each subsequent year? Those are the years that DOR is concerned with.

With regard to the \$3,000 "maximum", I'm still not sure from your response if the intent is (a) a \$3,000 maximum for each person trained or (b) that the most that an employer may claim in any taxable year - based on 5% of the training costs- is \$3,000.

Joe

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

From: Bentley Gov't Affairs [mailto:bentleygov@sbcglobal.net]

Sent: Monday, August 20, 2007 11:32 AM
To: Kreye, Joseph
Cc: Vick, Jason
Subject: Tech Training Bill LRB 07-2681/2

Joe/Jason:

Here is my response to some of Rebecca Boldts comments regarding our tech training tax credit draft.

I like her comments and I am glad she has given her opinion on the draft language.

Comment #1: Adopt revisions for "technology training" definition/paragraph.

Comment#2: Paragraph 4: All wages relating to training are included...including supervisor wages.

Comment#3: No to paragraph 5. Only training in-house for corporation.

Comment #4 page 2 paragraph 1: Should not matter after training complete

Comment #5 paragraph 2 : 40 hrs.in first year

Comment #6 paragraph 3 : Yes, \$3000 is the max amount

Comment #7 paragraph \$: Yes, to change recommendation

Please make the following changes to draft. Call me with questions;

Marc Bentley
President

Bentley Gov't Affairs
2 East Mifflin St. Ste 600
Madison, WI 53701

608 252 9205 Office
608 698 0707 Cell

Kreye, Joseph

From: Bentley Gov't Affairs [bentleygov@sbcglobal.net]
Sent: Monday, August 20, 2007 11:32 AM
To: Kreye, Joseph
Cc: Vick, Jason
Subject: Tech Training Bill LRB 07-2681/2

Joe/Jason:

Here is my response to some of Rebecca Boldts comments regarding our tech training tax credit draft.

I like her comments and I am glad she has given her opinion on the draft language.

- ✓ Comment #1: Adopt revisions for "technology training" definition/paragraph.
- ✓ Comment#2: Paragraph 4: All wages relating to training are included...including supervisor wages.
- ✓ Comment#3: No to paragraph 5. Only training in-house for corporation.
- ✓ Comment #4 page 2 paragraph 1: Should not matter after training complete
- Comment #5 paragraph 2 : 40 hrs.in first year
- Comment #6 paragraph 3 : Yes, \$3000 is the max amount
- ✓ Comment #7 paragraph \$: Yes, to change recommendation

Please make the following changes to draft. Call me with questions;

Marc Bentley
President

Bentley Gov't Affairs
2 East Mifflin St. Ste 600
Madison, WI 53701

608 252 9205 Office
608 698 0707 Cell



State of Wisconsin
2007 - 2008 LEGISLATURE

LRB-2681/2

JK:jld:nwn

3
RM not R

2007 BILL

in 8-21-07

due FRI 8-24

D-N

vehicle
vehicle technologies, including

Regen

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 (5j), 71.10 (4) (cn), 71.28 (5j), 71.30 (3)
3 (df), 71.47 (5j) and 71.49 (1) (ee) of the statutes; relating to: income and
4 franchise tax credits for technology training.

Analysis by the Legislative Reference Bureau

directly
directly

The bill 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.

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:

5 SECTION 1. 71.05 (6) (a) 15. of the statutes is amended to read:

BILL

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

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

7 71.07 (5j) TECHNOLOGY TRAINING CREDIT. (a) *Definitions.* In this subsection:

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

9 2. "Frame" includes:

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

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

13 c. In the case of a generator, the control modules, fuel train, fuel scrubbing
 14 process, fuel mixers, generator, heat exchangers, exhaust train, and similar
 15 components.

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

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

23 a. New technology.

24 b. Safety and compliance.

25 c. Technology and professional development.

*vehicle technologies,
including*

*conducted at the claimant's
place of business*

directly

BILL

including wages,

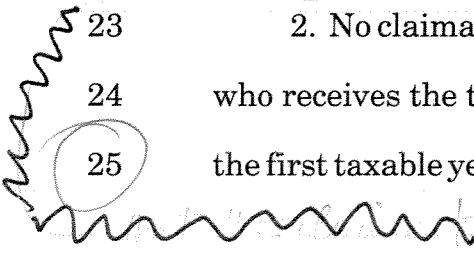
1 d. Proficiency.

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

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

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

23 2. No claimant may receive a credit under this subsection unless the individual
24 who receives the technology training receives at least 150 hours of such training in
25 the first taxable year for which the claimant claims a credit under this subsection *and*



for training that individual is ←

ESTET

and every subsequent

BILL

1 at least 20 hours of such training in the 2nd taxable year for which the claimant
2 claims a credit under this subsection.

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

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

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

14 71.10 (4) (cn) Technology training credit under s. 71.07 (5j).

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

16 71.21 (4) Credits computed by a partnership under s. 71.07 (2dd), (2de), (2di),
17 (2dj), (2dL), (2dm), (2ds), (2dx), (3g), (3n), (3s), (3t), (3w), (5b), (5e), (5f), (5g), and (5h),
18 and (5j) and passed through to partners shall be added to the partnership's income.

19 **SECTION 5.** 71.26 (2) (a) of the statutes is amended to read:

20 71.26 (2) (a) *Corporations in general.* The "net income" of a corporation means
21 the gross income as computed under the Internal Revenue Code as modified under
22 sub. (3) minus the amount of recapture under s. 71.28 (1di) plus the amount of credit
23 computed under s. 71.28 (1), (3), (4), and (5) minus, as provided under s. 71.28 (3) (c)
24 7., the amount of the credit under s. 71.28 (3) that the taxpayer added to income
25 under this paragraph at the time that the taxpayer first claimed the credit plus the

BILL

1 amount of the credit computed under s. 71.28 (1dd), (1de), (1di), (1dj), (1dL), (1dm),
2 (1ds), (1dx), (3g), (3n), (3t), (3w), (5b), (5e), (5f), (5g), ~~and (5h), and (5j)~~ and not passed
3 through by a partnership, limited liability company, or tax-option corporation that
4 has added that amount to the partnership's, limited liability company's, or
5 tax-option corporation's income under s. 71.21 (4) or 71.34 (1) (g) plus the amount
6 of losses from the sale or other disposition of assets the gain from which would be
7 wholly exempt income, as defined in sub. (3) (L), if the assets were sold or otherwise
8 disposed of at a gain and minus deductions, as computed under the Internal Revenue
9 Code as modified under sub. (3), plus or minus, as appropriate, an amount equal to
10 the difference between the federal basis and Wisconsin basis of any asset sold,
11 exchanged, abandoned, or otherwise disposed of in a taxable transaction during the
12 taxable year, except as provided in par. (b) and s. 71.45 (2) and (5).

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

14 **71.28 (5j) TECHNOLOGY TRAINING CREDIT.** (a) *Definitions.* In this subsection:

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

16 2. "Frame" includes:

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

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

20 c. In the case of a generator, the control modules, fuel train, fuel scrubbing
21 process, fuel mixers, generator, heat exchangers, exhaust train, and similar
22 components.

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

BILL

conducted at the claimant's
place of business

directly

vehicle technologies, including

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

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

- a. New technology.
- b. Safety and compliance.
- c. Technology and professional development.
- d. Proficiency.

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

(b) *Filing claims.* Subject to the limitations provided in this subsection, a claimant may claim as a credit against the tax imposed under s. 71.23, up to the amount of the tax, the amount that the claimant paid in the taxable year for technology training, if the individual receiving the training is the claimant's employee in this state or will be the claimant's employee in this state after completing the training.

(c) *Limitations.* 1. For the first taxable year for which a claimant pays an amount under par. (b) to train an individual, the maximum amount that the claimant may claim under par. (b) for training that individual is \$3,000 for the taxable year. For the 2nd taxable year for which the claimant pays an amount under par. (b) to

including wages, ✓

BILL

for training that individual is ✓

1 train the same individual, the maximum amount that the claimant may claim under
2 par. (b) for training that individual is \$1,350 for the taxable year. For the 3rd and
3 every subsequent taxable year for which the claimant pays an amount under par. (b)
4 to train the same individual, ^{move} the claimant may claim ~~5 percent of that amount, but~~ ✓
5 ^{that} the maximum amount of the claim may not exceed \$3,000. *for the taxable year*

6 2. No claimant may receive a credit under this subsection unless the individual
7 who receives the technology training receives at least 150 hours of such training in
8 the first taxable year for which the claimant claims a credit under this subsection ✓
9 and at least 20 hours of such training in the 2nd ^{and every subsequent} taxable year for which the claimant
10 claims a credit under this subsection.

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

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

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

22 71.30 (3) (df) Technology training credit under s. 71.28 (5j).

23 **SECTION 8.** 71.34 (1) (g) of the statutes is amended to read:

24 71.34 (1) (g) An addition shall be made for credits computed by a tax-option
25 corporation under s. 71.28 (1dd), (1de), (1di), (1dj), (1dL), (1dm), (1ds), (1dx), (3), (3g),

BILL

1 (3n), (3t), (3w), (5b), (5e), (5f), (5g), ~~and (5h)~~, and (5j) and passed through to
2 shareholders.

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

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

10 **SECTION 10.** 71.47 (5j) of the statutes is created to read:

11 71.47 (5j) TECHNOLOGY TRAINING CREDIT. (a) *Definitions.* In this subsection:

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

13 2. "Frame" includes:

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

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

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

20 3. "Internal combustion engine" includes substitute products such as fuel cell,
21 electric, and hybrid drives. *conducted at the claimant's place of business* *directly* ✓

22 4. "Technology training" means training in all of the following areas related to
23 design, frame, ~~vehicle~~, internal combustion engine, generator, casting, and ~~vehicle~~
24 technologies, regardless of whether the training is provided by the claimant, the

vehicle technologies, including

BILL

1 original equipment manufacturer, or another person and regardless of whether the
2 training is provided in person or by other means:

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

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

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

19 (c) *Limitations.* 1. For the first taxable year for which a claimant pays an
20 amount under par. (b) to train an individual, the maximum amount that the claimant
21 may claim under par. (b) for training that individual is \$3,000 for the taxable year.
22 For the 2nd taxable year for which the claimant pays an amount under par. (b) to
23 train the same individual, the maximum amount that the claimant may claim under
24 par. (b) for training that individual is \$1,350 for the taxable year. For the 3rd and
25 every subsequent taxable year for which the claimant pays an amount under par. (b)

including wages

BILL

for training that individual is ✓

1 to train the same individual, the claimant may claim 5 percent of that amount, but
2 the maximum amount of the claim may not exceed \$3,000. *for the taxable year*

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

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

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

18 SECTION 11. 71.49 (1) *(ee) (df) ← (df)* of the statutes is created to read:

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

20 SECTION 12. 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

BILL

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), and (5j); and plus or minus, as appropriate, transitional adjustments,
6 depreciation differences, and basis differences under s. 71.05 (13), (15), (16), (17), and
7 (19); but excluding income, gain, loss, and deductions from farming. "Net business
8 income," with respect to a natural person, estate, or trust, means profit from a trade
9 or business for federal income tax purposes and includes net income derived as an
10 employee as defined in section 3121 (d) (3) of the Internal Revenue Code.

SECTION 13. Initial applicability.

11
12 (1) This act first applies to taxable years beginning on January 1 of the year
13 in which this subsection takes effect, except that if this subsection takes effect after
14 July 31 this act first applies to taxable years beginning on January 1 of the year
15 following the year in which this subsection takes effect.

16 (END)

d-note
↓

2681/3du
JK

Representative Honadel:

Please review this draft carefully to ensure that it is consistent with your intent. This draft is based on instructions received from Marc Bentley.
Bentley ✓

JK

**DRAFTER'S NOTE
FROM THE
LEGISLATIVE REFERENCE BUREAU**

LRB-2681/3dn
JK:jld:nwn

August 21, 2007

Representative Honadel:

Please review this draft carefully to ensure that it is consistent with your intent. This draft is based on instructions received from Marc Bentley.

Joseph T. Kreye
Legislative Attorney
Phone: (608) 266-2263
E-mail: joseph.kreye@legis.wisconsin.gov