

Memo

To: Representative **Honadel**

(The Draft's Requester)

Per your request ... the attached fiscal estimate was prepared for your un-introduced 2007 session draft.

LRB Number: 2007 LRB-2681

Version: " /2 "

Fiscal Estimate Prepared By: (agency abbr.) DOR

If you have questions about the enclosed fiscal estimate, you may contact the state agency representative that prepared the fiscal estimate. If you disagree with the enclosed fiscal estimate, please contact the LRB drafter of your proposal to discuss your options under the fiscal estimate procedure.

Entered In Computer And Copy Sent To Requester Via E-Mail: 08 / 10 / 2007

*** * * * ***

To: LRB - Legal Section PA's

Subject: *Fiscal Estimate Received For An Unintroduced Draft*

> **If redrafted ...** please insert this cover sheet and attached early fiscal estimate into the drafting file ... after the draft's old version (the version that this fiscal estimate was based on), and before the markup of the draft on the updated version.

> **If introduced ...** and the version of the attached fiscal estimate is for a **previous version ...** please insert this cover sheet and attached early fiscal estimate into the drafting file ... after the draft's old version (the version that this fiscal estimate was based on), and before the markup of the draft on the updated version. Have Mike (or Christina) get the ball rolling on getting a fiscal estimate prepared for the introduced version.

> **If introduced ...** and the version of the attached fiscal estimate is for the **current version ...** please write the draft's introduction number below and give to Mike (or Christina) to process.

THIS DRAFT WAS INTRODUCED AS: 2007 _____

Barman, Mike

From: Barman, Mike
Sent: Friday, August 10, 2007 2:39 PM
To: Honadel, Mark
Cc: Vick, Jason
Subject: LRB 07-2681/2 (un-introduced) (FE by DOR - attached - for your review)

Attachments: FE_Honadel.PDF



FE_Honadel.PDF
(517 KB)

Mike Barman (Senior Program Assistant)
State of Wisconsin - Legislative Reference Bureau
Legal Section - Front Office
1 East Main Street, Suite 200, Madison, WI 53703
(608) 266-3561 / mike.barman@legis.wisconsin.gov

Barman, Mike

From: Barman, Mike on behalf of LRB.Legal
Sent: Friday, August 10, 2007 2:49 PM
To: Rep.Honadel
Subject: FW: LRB 07-2681/2 (un-introduced) (FE by DOR - attached - for your review)

Attachments: FE_Honadel.PDF

From: Barman, Mike
Sent: Friday, August 10, 2007 2:39 PM
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Mike Barman (Senior Program Assistant)
State of Wisconsin - Legislative Reference Bureau
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Fiscal Estimate Narratives

DOR 8/10/2007

LRB Number	07-2681/2	Introduction Number	Estimate Type	Original
Description Income and franchise tax credits for technology training				

Assumptions Used in Arriving at Fiscal Estimate

This bill allows a nonrefundable credit equal to the amount paid in the taxable year for technology training if the individual receiving the training is the claimant's employee in Wisconsin or will be the claimant's employee in Wisconsin after completing the training. "Technology training" means training related to design, frame, vehicle, internal combustion engine, generator, casting, and vehicle technologies. The maximum credit per individual trained is \$3,000 for the first year, \$1,350 for the second year, and 5% of the amount spent for training up to \$3,000 per individual for each year thereafter. Unused credit may be carried over and offset against tax for up to 15 years.

Partnerships, limited liability companies, and tax-option corporations may not claim the credit but the eligibility for, and the amount of, the credit are based on their payment of amounts. Partners, members of limited liability companies, and shareholders of tax-option corporations may claim the credit in proportion to their ownership interests.

According to data from the federal Bureau of Labor Statistics, there are approximately 41,000 employees in Wisconsin in industries related to automobiles and motorcycles. While the credit is not limited to employees in these industries, it is reasonable to assume that these employers would be most likely to provide training that would be eligible under the bill. If 1% of these employees are provided eligible training in amounts up to the maximum allowed, the fiscal effect would be a reduction in revenue of \$1,230,000 (41,000 employees x 1% x \$3,000). If 10% of these employees are provided eligible training in amounts up to the maximum allowed, the fiscal effect would be a reduction in revenue of \$12,300,000 (41,000 employees x 10% x \$3,000). If 25% of these employees are provided eligible training in amounts up to the maximum allowed, the fiscal effect would be a reduction in revenue of \$30.8 million (41,000 employees x 25% x \$3,000).

Long-Range Fiscal Implications

Fiscal Estimate Worksheet - 2007 Session

Detailed Estimate of Annual Fiscal Effect

Original
 Updated
 Corrected
 Supplemental

LRB Number 07-2681/2		Introduction Number	
Description Income and franchise tax credits for technology training			
I. One-time Costs or Revenue Impacts for State and/or Local Government (do not include in annualized fiscal effect):			
II. Annualized Costs:		Annualized Fiscal Impact on funds from:	
		Increased Costs	Decreased Costs
A. State Costs by Category			
	State Operations - Salaries and Fringes	\$	\$
	(FTE Position Changes)		
	State Operations - Other Costs		
	Local Assistance		
	Aids to Individuals or Organizations		
	TOTAL State Costs by Category	\$	\$
B. State Costs by Source of Funds			
	GPR		
	FED		
	PRO/PRS		
	SEG/SEG-S		
III. State Revenues - Complete this only when proposal will increase or decrease state revenues (e.g., tax increase, decrease in license fee, etc.)			
		Increased Rev	Decreased Rev
	GPR Taxes	\$	\$
	GPR Earned		
	FED		
	PRO/PRS		
	SEG/SEG-S		
	TOTAL State Revenues	\$	\$
NET ANNUALIZED FISCAL IMPACT			
		State	Local
	NET CHANGE IN COSTS	\$	\$
	NET CHANGE IN REVENUE	\$See Text	\$
Agency/Prepared By		Authorized Signature	Date
DOR/ Michael Oakleaf (608) 261-5173		Paul Ziegler (608) 266-5773	8/10/2007

Give to Mike
to scan If
1/2" gets
introduced.

Thanks

State of Wisconsin

LEGISLATIVE REFERENCE BUREAU

1 EAST MAIN, SUITE 200
P. O. BOX 2037
MADISON, WI 53701-2037

STEPHEN R. MILLER
CHIEF

August 10, 2007

MEMORANDUM

To: Representative Honadel

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

Subject: Technical Memorandum to **2007 un-introduced** (LRB-2681/2) by **DOR**

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

August 9, 2007

TO: Joseph Kreye
Legislative Reference Bureau

FROM: Rebecca Boldt
Department of Revenue

SUBJECT: Technical Memorandum on LRB 07-2681/2 – Technology Training Credit

The Department has the following technical concerns with the above referenced bill:

The definition of “technology training” as written could apply to technologies that are unrelated to vehicles or generators. This definition provides that “*Technology training means training in all of the following areas related to design, frame, vehicle, internal combustion engine, generator, casting, and vehicle technologies...*” There is nothing to qualify the term “design” to imply that the design must be related to vehicles. Is this the intent? A similar problem exists for the term “casting” and may also exist for the term “frame.”

Further, in this definition, the first “vehicle” and the word “generator” appear to be redundant. The term “vehicle technologies” appears to capture the intended meaning of “vehicle,” and the definition of “vehicle” in (a)5. already includes generators.

If the intent is to limit “technology training” to activities that relate to vehicles (including generators), the following revisions are recommended:

“Technology training” means training in all of the following areas directly related to vehicle technologies, including design, frame, vehicle, internal combustion engine, generator, and casting, and vehicle technologies, regardless of whether the training is provided by the claimant...”

It is unclear what is included in the “amount paid for technology training.” For example, a new employee receives on-the-job training from their supervisor. Are the employee’s wages and the supervisor’s wages an “amount paid for technology training”? If wages are considered, when does the training end – after one week, one month, one year, etc. Clarification is needed.

In addition, it is unclear whether the author intended to include amounts paid for college courses. For example, the child of a self-employed person who owns an auto repair shop attends college or a technical college working towards a degree in automotive engineering or auto repair. The child plans to work for his or her father after graduation. Can the father deduct the tuition as an amount paid for technology training? If yes, is room and board while the child lives away from home also an amount paid for technology training? Clarification is needed.

The credit is available if the individual receiving the training will be the claimant's employee in Wisconsin after completing the training. What happens if the individual, after completing an extended training program, decides not to go to work for the claimant? Should the claimant be required to repay any credit that may have already been claimed? Clarification is needed.

The bill requires that an individual receive at least 150 hours of training the first taxable year and 20 hours of such training in the second taxable year. The bill does not provide a minimum number of training hours for the third year and every year thereafter. Is this the intent?

For the third and subsequent years of training, the bill provides that the claimant may claim 5% of the cost of technology training, but the maximum amount of the credit may not exceed \$3,000. It should be clarified whether \$3,000 is the maximum credit available for each individual who is receiving training or whether an employer's credit cannot exceed \$3,000 in total based on 5% of the training costs for all employees.

The bill provides that corporations and insurance companies are to claim the credit in a different order. This causes confusion and increases the costs of administering the law. The order for claiming credits by insurance companies should be changed so that it is the same as for regular corporations. In Bill Section 11, change s. 71.49 (1) (ee) to s. 71.49 (1) (df).

If you have any questions regarding this technical memorandum, please contact Michael Oakleaf at 261-5173 or via email at Michael.oakleaf@revenue.wi.gov.

Barman, Mike

From: Barman, Mike
Sent: Friday, August 10, 2007 2:45 PM
To: Rep.Honadel
Subject: LRB 07-2681/2 (un-introduced) (Tech. Memo by DOR - attached - for your review)

Attachments: Tech_Memo_Honadel.PDF



Tech_Memo_Honadel.PDF (174 KB)...

Mike Barman (Senior Program Assistant)
State of Wisconsin - Legislative Reference Bureau
Legal Section - Front Office
1 East Main Street, Suite 200, Madison, WI 53703
(608) 266-3561 / mike.barman@legis.wisconsin.gov

Kreye, Joseph

From: Bentley Gov't Affairs [bentleygov@sbcglobal.net]
Sent: Thursday, August 23, 2007 11:44 AM
To: Vick, Jason
Cc: Kreye, Joseph; Kreye, Joseph
Subject: Re: Tech Draft last change

Joe/Jason

I just got a call from a distributor and we need to change the first year of training hours from 40 to 30 hrs. Thanks

That should do it

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: Vick, Jason
To: Bentley Gov't Affairs
Sent: Wednesday, August 22, 2007 12:53 PM
Subject: Draft & Meeting

Marc,

We just got the /3 draft back from Joe. PLEASE give it a thorough read through to make sure all of the necessary corrections have been made. I already noticed at first glance that on page 3, line 23 it still says 150 hours, instead of the change to 40. I want to make sure there aren't any other corrections before going back to Joe and having numerous drafts done.

ALSO, Mark would like to sit down with you and discuss some of these changes and the fiscal information we got back.

He's free next Thursday (Aug 30) any time from 10-2 ideally. Otherwise, he could also do next Wed (Aug 29) in the afternoon.

Please let me know.

<<07-26813.pdf>>

Thanks,

Jason Vick

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

08/23/2007



State of Wisconsin
2007 - 2008 LEGISLATURE

LRB-2681/3

JK:jld:nwn

RM/mt/R

2007 BILL

Today 8-23-07

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) (df) 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 directly related to vehicle technologies, including design, frame, internal combustion engine, and casting technologies.

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:
6 71.05 (6) (a) 15. The amount of the credits computed under s. 71.07 (2dd), (2de),
7 (2di), (2dj), (2dL), (2dm), (2dr), (2ds), (2dx), (3g), (3n), (3s), (3t), (3w), (5b), (5d), and

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

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

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

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

7 2. "Frame" includes:

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

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

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

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

16 4. "Technology training" means training conducted at the claimant's place of
17 business in all of the following areas directly related to vehicle technologies,
18 including design, frame, internal combustion engine, and casting technologies,
19 regardless of whether the training is provided by the claimant, the original
20 equipment manufacturer, or another person and regardless of whether the training
21 is provided in person or by other means:

22 a. New technology.

23 b. Safety and compliance.

24 c. Technology and professional development.

25 d. Proficiency.

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

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. 71.02, up to the
9 amount of the tax, the amount that the claimant paid in the taxable year for
10 technology training, including wages, if the individual receiving the training is the
11 claimant's employee in this state or will be the claimant's employee in this state after
12 completing the training.

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

22 2. No claimant may receive a credit under this subsection unless the individual
23 who receives the technology training receives at least ~~150~~³⁰ hours of such training in
24 the first taxable year for which the claimant claims a credit under this subsection and

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1 at least 20 hours of such training in the 2nd and every subsequent taxable year for
2 which the claimant 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.

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

7 a. New technology.

8 b. Safety and compliance.

9 c. Technology and professional development.

10 d. Proficiency.

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

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

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

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1 For the 2nd taxable year for which the claimant pays an amount under par. (b) to
2 train the same individual, the maximum amount that the claimant may claim under
3 par. (b) for training that individual is \$1,350 for the taxable year. For the 3rd and
4 every subsequent taxable year for which the claimant pays an amount under par. (b)
5 to train the same individual, the maximum amount that the claimant may claim for
6 training that individual is \$3,000 for the taxable year.

7 2. No claimant may receive a credit under this subsection unless the individual
8 who receives the technology training receives at least ~~150~~¹³⁰ hours of such training in
9 the first taxable year for which the claimant claims a credit under this subsection and
10 at least 20 hours of such training in the 2nd and every subsequent taxable year for
11 which the claimant claims a credit under this subsection.

12 3. 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 payment of amounts 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 7.** 71.30 (3) (df) of the statutes is created to read:

23 71.30 (3) (df) Technology training credit under s. 71.28 (5j).

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

BILL

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

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

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

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

13 71.47 (5j) TECHNOLOGY TRAINING CREDIT. (a) *Definitions.* In this subsection:

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

15 2. "Frame" includes:

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

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

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

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

24 4. "Technology training" means training conducted at the claimant's place of
25 business in all of the following areas directly related to vehicle technologies,

BILL

1 including design, frame, internal combustion engine, and casting technologies,
2 regardless of whether the training is provided by the claimant, the original
3 equipment manufacturer, or another person and regardless of whether the training
4 is provided in person or by other means:

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

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

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

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

BILL

1 par. (b) for training that individual is \$1,350 for the taxable year. For the 3rd and
2 every subsequent taxable year for which the claimant pays an amount under par. (b)
3 to train the same individual, the maximum amount that the claimant may claim for
4 training that individual is \$3,000 for the taxable year.

5 2. No claimant may receive a credit under this subsection unless the individual
6 who receives the technology training receives at least ~~150~~³⁰ hours of such training in
7 the first taxable year for which the claimant claims a credit under this subsection and
8 at least 20 hours of such training in the 2nd and every subsequent taxable year for
9 which the claimant claims a credit under this subsection.

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

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

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

21 71.49 (1) (df) Technology training credit under s. 71.47 (5j).

22 **SECTION 12.** 77.92 (4) of the statutes is amended to read:

23 77.92 (4) "Net business income," with respect to a partnership, means taxable
24 income as calculated under section 703 of the Internal Revenue Code; plus the items
25 of income and gain under section 702 of the Internal Revenue Code, including taxable

BILL

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

SECTION 13. Initial applicability.

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

18 (END)

Kreye, Joseph

From: Vick, Jason
Sent: Thursday, August 23, 2007 1:30 PM
To: Kreye, Joseph
Subject: RE: Tech Draft last change

Joe,

The changes to 2681/3 are as follows:

Page 3 line 18 make 2nd year and after \$1350, take out the \$3000 for 3rd year.

Page 3 line 23 change from 150 hrs to 30 hrs for 1st year of training.

Thanks,
Jason Vick

From: Bentley Gov't Affairs [mailto:bentleygov@sbcglobal.net]
Sent: Thursday, August 23, 2007 11:44 AM
To: Vick, Jason
Cc: Kreye, Joseph; Kreye, Joseph
Subject: Re: Tech Draft last change

Joe/Jason

I just got a call from a distributor and we need to change the first year of training hours from 40 to 30 hrs. Thanks

That should do it

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: Vick, Jason
To: Bentley Gov't Affairs
Sent: Wednesday, August 22, 2007 12:53 PM
Subject: Draft & Meeting

Marc,

We just got the /3 draft back from Joe. PLEASE give it a thorough read through to make sure all of the necessary corrections have been made. I already noticed at first glance that on page 3, line 23 it still says 150 hours, instead of

08/23/2007

the change to 40. I want to make sure there aren't any other corrections before going back to Joe and having numerous drafts done.

ALSO, Mark would like to sit down with you and discuss some of these changes and the fiscal information we got back.

He's free next Thursday (Aug 30) any time from 10-2 ideally. Otherwise, he could also do next Wed (Aug 29) in the afternoon.

Please let me know.

<<07-26813.pdf>>

Thanks,

Jason Vick

Office of Rep. Mark Honadel

Majority Caucus Chair

608-266-0611



State of Wisconsin
2007 - 2008 LEGISLATURE

LRB-2681/4

JK:jld:sh

5
RM not KJF

2007 BILL

Today
Regen
8-23-07

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) (df) 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 directly related to vehicle technologies, including design, frame, internal combustion engine, and casting technologies.

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:
6 71.05 (6) (a) 15. The amount of the credits computed under s. 71.07 (2dd), (2de),
7 (2di), (2dj), (2dL), (2dm), (2dr), (2ds), (2dx), (3g), (3n), (3s), (3t), (3w), (5b), (5d), and

BILL**SECTION 1**

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

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

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

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

7 2. "Frame" includes:

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

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

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

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

16 4. "Technology training" means training conducted at the claimant's place of
17 business in all of the following areas directly related to vehicle technologies,
18 including design, frame, internal combustion engine, and casting technologies,
19 regardless of whether the training is provided by the claimant, the original
20 equipment manufacturer, or another person and regardless of whether the training
21 is provided in person or by other means:

22 a. New technology.

23 b. Safety and compliance.

24 c. Technology and professional development.

25 d. Proficiency.

BILL

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

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. 71.02, up to the
9 amount of the tax, the amount that the claimant paid in the taxable year for
10 technology training, including wages, if the individual receiving the training is the
11 claimant's employee in this state or will be the claimant's employee in this state after
12 completing the training.

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

16 For the 2nd taxable year for which the claimant pays an amount under par. (b) to
17 train the same individual, the maximum amount that the claimant may claim under
18 par. (b) for training that individual is \$1,350 for the taxable year. For the 3rd and
19 *and* every subsequent taxable year for which the claimant pays an amount under par. (b)
20 to train the same individual, the maximum amount that the claimant may claim for
21 training that individual is \$3,000 for the taxable year.

22 2. No claimant may receive a credit under this subsection unless the individual
23 who receives the technology training receives at least 30 hours of such training in the
24 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 and every subsequent taxable year for
2 which the claimant 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 conducted at the claimant's place of
2 business in all of the following areas directly related to vehicle technologies,
3 including design, frame, internal combustion engine, and casting technologies,
4 regardless of whether the training is provided by the claimant, the original
5 equipment manufacturer, or another person and regardless of whether the training
6 is provided in person or by other means:

7 a. New technology.

8 b. Safety and compliance.

9 c. Technology and professional development.

10 d. Proficiency.

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

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

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

BILL

1 For the 2nd taxable year for which the claimant pays an amount under par. (b) to
2 train the same individual, the maximum amount that the claimant may claim under
3 par. (b) for training that individual is \$1,350 for the taxable year. ~~For the 3rd and~~
4 ~~every subsequent taxable year for which the claimant pays an amount under par. (b)~~
5 ~~to train the same individual, the maximum amount that the claimant may claim for~~
6 ~~training that individual is \$3,000 for the taxable year.~~

7 2. No claimant may receive a credit under this subsection unless the individual
8 who receives the technology training receives at least 30 hours of such training in the
9 first taxable year for which the claimant claims a credit under this subsection and
10 at least 20 hours of such training in the 2nd and every subsequent taxable year for
11 which the claimant claims a credit under this subsection.

12 3. 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 payment of amounts 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 7.** 71.30 (3) (df) of the statutes is created to read:

23 71.30 (3) (df) Technology training credit under s. 71.28 (5j).

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

BILL**SECTION 8**

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

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

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

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

13 71.47 (5j) TECHNOLOGY TRAINING CREDIT. (a) *Definitions.* In this subsection:

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

15 2. "Frame" includes:

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

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

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

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

24 4. "Technology training" means training conducted at the claimant's place of
25 business in all of the following areas directly related to vehicle technologies,

BILL

1 including design, frame, internal combustion engine, and casting technologies,
2 regardless of whether the training is provided by the claimant, the original
3 equipment manufacturer, or another person and regardless of whether the training
4 is provided in person or by other means:

5 a. New technology.

6 b. Safety and compliance.

7 c. Technology and professional development.

8 d. Proficiency.

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

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

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

24 For the 2nd taxable year for which the claimant pays an amount under par. (b) to
25 train the same individual, the maximum amount that the claimant may claim under

and every subsequent

BILL**SECTION 10**

1 par. (b) for training that individual is \$1,350 for the taxable year. For the 3rd and
2 every subsequent taxable year for which the claimant pays an amount under par. (b)
3 to train the same individual, the maximum amount that the claimant may claim for
4 training that individual is \$3,000 for the taxable year.

5 2. No claimant may receive a credit under this subsection unless the individual
6 who receives the technology training receives at least 30 hours of such training in the
7 first taxable year for which the claimant claims a credit under this subsection and
8 at least 20 hours of such training in the 2nd and every subsequent taxable year for
9 which the claimant claims a credit under this subsection.

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

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

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

21 71.49 (1) (df) Technology training credit under s. 71.47 (5j).

22 **SECTION 12.** 77.92 (4) of the statutes is amended to read:

23 77.92 (4) "Net business income," with respect to a partnership, means taxable
24 income as calculated under section 703 of the Internal Revenue Code; plus the items
25 of income and gain under section 702 of the Internal Revenue Code, including taxable

BILL

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

SECTION 13. Initial applicability.

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

18 (END)

Duerst, Christina

From: Vick, Jason
Sent: Thursday, September 20, 2007 3:58 PM
To: LRB.Legal
Subject: Draft Review: LRB 07-2681/5 Topic: Tax credits for technology training

Please Jacket LRB 07-2681/5 for the ASSEMBLY.

Jason Vick

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