2007 ASSEMBLY BILL 540

October 16, 2007 – Introduced by Representatives HONADEL, FIELDS, JESKEWITZ, KERKMAN, LE MAHIEU, MURSAU, MURTHA, NYGREN, A. OTT, PRIDEMORE, SINICKI, TOWNSEND, TURNER and ZIEGELBAUER, cosponsored by Senators PIALE, DARLING, SULLIVAN, OLSEN, ROESSLER and SCHULTZ. Referred to Committee on Jobs and The Economy.

AN ACT to amend 71.05 (6) (a) 15., 71.21 (4), 71.26 (2) (a), 71.34 (1) (g), 71.45 (2)
(a) 10. and 77.92 (4); and to create 71.07 (5j), 71.10 (4) (cn), 71.28 (5j), 71.30 (3)
(df), 71.47 (5j) and 71.49 (1) (df) of the statutes; relating to: income and
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:

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

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

SECTI0N 2. 71.07 (5j) of the statutes is created to read:

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

1. “Claimant” means a person who files a claim under this subsection.

2. “Frame” includes:
   a. Every part of a motorcycle, except the tires.
   b. In the case of a truck, the control system and the fuel and drive train, excluding any comfort features located in the cab or the tires.
   c. In the case of a generator, the control modules, fuel train, fuel scrubbing process, fuel mixers, generator, heat exchangers, exhaust train, and similar components.

3. “Internal combustion engine” includes substitute products such as fuel cell, electric, and hybrid drives.

4. “Technology training” means training conducted at the claimant’s place of business in all of the following areas directly related to vehicle technologies, including design, frame, internal combustion engine, and casting 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. 71.02, up to the amount of the tax, the amount that the claimant paid in the taxable year for technology training, including wages, 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 and every subsequent taxable year for which the claimant pays an amount under par. (b) to train the same individual, the maximum amount that the claimant may claim under par. (b) for training that individual is $1,350 for the taxable year.

2. No claimant may receive a credit under this subsection unless the individual who receives the technology training receives at least 30 hours of such training in the first taxable year for which the claimant claims a credit under this subsection and at least 20 hours of such training in the 2nd and every subsequent taxable year for which the claimant claims a credit under this subsection.
3. Partnerships, limited liability companies, and tax-option corporations may not claim the credit under this subsection, but the eligibility for, and the amount of, the credit are based on their payment of amounts under par. (b). A partnership, limited liability company, or tax-option corporation shall compute the amount of credit that each of its partners, members, or shareholders may claim and shall provide that information to each of them. Partners, members of limited liability companies, and shareholders of tax-option corporations may claim the credit in proportion to their ownership interests.

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

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

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

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

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

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

71.26 (2) (a) Corporations in general. The “net income” of a corporation means the gross income as computed under the Internal Revenue Code as modified under sub. (3) minus the amount of recapture under s. 71.28 (1di) plus the amount of credit computed under s. 71.28 (1), (3), (4), and (5) minus, as provided under s. 71.28 (3) (c) 7., the amount of the credit under s. 71.28 (3) that the taxpayer added to income under this paragraph at the time that the taxpayer first claimed the credit plus the amount of the credit computed under s. 71.28 (1dd), (1de), (1di), (1dj), (1dL), (1dm), (1ds), (1dx), (3g), (3n), (3t), (3w), (5b), (5e), (5f), (5g), and (5h), and (5j) and not passed
through by a partnership, limited liability company, or tax−option corporation that
has added that amount to the partnership’s, limited liability company’s, or
tax−option corporation’s income under s. 71.21 (4) or 71.34 (1) (g) plus the amount
of losses from the sale or other disposition of assets the gain from which would be
wholly exempt income, as defined in sub. (3) (L), if the assets were sold or otherwise
disposed of at a gain and minus deductions, as computed under the Internal Revenue
Code as modified under sub. (3), plus or minus, as appropriate, an amount equal to
the difference between the federal basis and Wisconsin basis of any asset sold,
exchanged, abandoned, or otherwise disposed of in a taxable transaction during the
taxable year, except as provided in par. (b) and s. 71.45 (2) and (5).

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

71.28 (5j) **TECHNOLOGY TRAINING CREDIT.** (a) **Definitions.** In this subsection:
1. “Claimant” means a person who files a claim under this subsection.
2. “Frame” includes:
   a. Every part of a motorcycle, except the tires.
   b. In the case of a truck, the control system and the fuel and drive train,
excluding any comfort features located in the cab or the tires.
   c. In the case of a generator, the control modules, fuel train, fuel scrubbing
   process, fuel mixers, generator, heat exchangers, exhaust train, and similar
   components.
3. “Internal combustion engine” includes substitute products such as fuel cell,
electric, and hybrid drives.
4. “Technology training” means training conducted at the claimant’s place of
business in all of the following areas directly related to vehicle technologies,
including design, frame, internal combustion engine, and casting 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, including wages, 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 and every subsequent taxable year for which the claimant pays an amount under par. (b) to train the same individual, the maximum amount that the
claimant may claim under par. (b) for training that individual is $1,350 for the taxable year.

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

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

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

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

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

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

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

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

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

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

1. “Claimant” means a person who files a claim under this subsection.

2. “Frame” includes:
   a. Every part of a motorcycle, except the tires.
   b. In the case of a truck, the control system and the fuel and drive train, excluding any comfort features located in the cab or the tires.
   c. In the case of a generator, the control modules, fuel train, fuel scrubbing process, fuel mixers, generator, heat exchangers, exhaust train, and similar components.

3. “Internal combustion engine” includes substitute products such as fuel cell, electric, and hybrid drives.

4. “Technology training” means training conducted at the claimant’s place of business in all of the following areas directly related to vehicle technologies, including design, frame, internal combustion engine, and casting 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. 71.43, up to the amount of the tax, the amount that the claimant paid in the taxable year for technology training, including wages, 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 and every subsequent taxable year for which the claimant pays an amount under par. (b) to train the same individual, the maximum amount that the claimant may claim under par. (b) for training that individual is $1,350 for the taxable year.

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

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

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

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

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

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

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

**SECTION 13. Initial applicability.**

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