

2009 DRAFTING REQUEST

Bill

Received: 12/04/2008

Received By: jkreye

Wanted: As time permits

Identical to LRB:

For: Rich Zipperer (608) 266-5120

By/Representing: chris

This file may be shown to any legislator: NO

Drafter: jkreye

May Contact:

Addl. Drafters:

Subject: Tax, Business - credits

Extra Copies:

Submit via email: YES

Requester's email: Rep.Zipperer@legis.wisconsin.gov

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

Pre Topic:

No specific pre topic given

Topic:

Education tax credit

Instructions:

See attached

Drafting History:

<u>Vers.</u>	<u>Drafted</u>	<u>Reviewed</u>	<u>Typed</u>	<u>Proofed</u>	<u>Submitted</u>	<u>Jacketed</u>	<u>Required</u>
/?	jkreye 12/04/2008	kfollett 12/19/2008		_____			State
/1			mduchek 12/22/2008	_____	sbasford 12/22/2008	lparisi 02/02/2009	

FE Sent For: "/1" @ intro. 2/24/09

<END>

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/?	jkreye	11/5/08 12/19/08		_____			

FE Sent For:

<END>

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gf

2007 ASSEMBLY BILL 67

in 12-4-08

February 13, 2007 - Introduced by Representatives ZIPPERER, MOULTON, BIES, DAVIS, GRONEMUS, GUNDRUM, HAHN, HINES, HONADEL, JESKEWITZ, KRAMER, MURSAU, MURTHA, NASS, NYGREN, J. OTT, PETERSEN, PETROWSKI, ROTH, STRACHOTA, TAUCHEN, TOWNSEND and ZIEGELBAUER, cosponsored by Senators DARLING, PLALE, KANAVAS, LEIBHAM, ROESSLER, SCHULTZ, S. FITZGERALD and KEDZIE. Referred to Committee on Jobs and The Economy.

re gen

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

2 (a) 10. and 77.92 (4); and *to create* 71.07 (5r), 71.10 (4) (cd), 71.28 (5r), 71.30

3 (3) (dn), 71.47 (5r) and 71.49 (1) (dn) of the statutes; **relating to:** an education

4 tax credit for businesses.

Analysis by the Legislative Reference Bureau

This bill creates an income tax and franchise tax credit for businesses that pay tuition for an individual to attend a university, college, or technical college. Sole proprietorships, corporations, and insurers may claim the credit. Partnerships, limited liability companies, and tax-option corporations compute the credit but pass it on to the partners, members, and shareholders in proportion to their ownership interests. The credit is an amount equal to 1) 50 percent of the tuition paid by a business for an individual to attend school in a taxable year, if the individual is enrolled in a degree-granting program; and 2) 75 percent of the tuition paid by a business for an individual to attend school in a taxable year, if the individual is enrolled in a degree-granting program and if the individual's taxable income is not more than 185 percent of the federal poverty line. If the credit claimed by a business exceeds the business's tax liability, the state will not issue a refund check, but the business may carry forward any remaining credit to subsequent taxable years.

X

ASSEMBLY BILL 67

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

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

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

INSERT 2-b

7 SECTION 2. 71.07 (5r) of the statutes is created to read:

8 71.07 (5r) EDUCATION CREDIT. (a) In this subsection:

Definitions ①

9 1. "Claimant" means a sole proprietor, a partner, a member of a limited liability
10 company, or a shareholder of a tax-option corporation who files a claim under this
11 subsection.

12 2. "Degree-granting program" means an educational program for which an
13 associate, a bachelor's, or a graduate degree is awarded upon successful completion.

14 3. "Family member" has the meaning given in s. 157.061 (7).

15 4. "Managing employee" means an individual who wholly or partially exercises
16 operational or managerial control over, or who directly or indirectly conducts, the
17 operation of the claimant's business.

18 5. "Paid or incurred" includes any amount paid by the claimant to reimburse
19 an individual for the tuition that the individual paid or incurred.

20 6. "Poverty line" has the meaning given in s. 49.001 (5).

21 7. "Qualified postsecondary institution" means all of the following:

ASSEMBLY BILL 67

1 a. A University of Wisconsin System institution, a technical college system
2 institution, or a regionally accredited 4-year nonprofit college or university having
3 its regional headquarters and principal place of business in this state.

4 b. A school approved under s. 38.50, if the delivery of education occurs in this
5 state.

6 (b) Subject to the limitations provided in this subsection, a claimant may claim
7 as a credit against the tax imposed under ss. 71.02 and 71.08 an amount equal to the
8 following:

9 1. Fifty percent of the tuition that the claimant paid or incurred during the
10 taxable year for an individual to participate in an education program of a qualified
11 postsecondary institution, if the individual was enrolled in a degree-granting
12 program.

13 2. Seventy-five percent of the tuition that the claimant paid or incurred during
14 the taxable year for an individual to participate in an education program of a
15 qualified postsecondary institution, if the individual was enrolled in a
16 degree-granting program and if the individual's taxable income in the year prior to
17 commencing participation in the education program in connection with which a
18 credit is claimed is not more than 185 percent of the poverty line.

19 (c) 1. No credit may be allowed under par. (b) unless the claimant obtains
20 written certification from a qualified postsecondary institution concerning the
21 amount of tuition paid or incurred during the taxable year for which the claimant is
22 claiming a credit under this subsection and includes a copy of the certification with
23 the claimant's return.

24 2. No credit may be allowed under par. (b) 2. unless the claimant obtains
25 written certification from a qualified postsecondary institution that the taxable

Filing claims

up to the amount of the tax,

7

71.02 and 71.08

Limitations

ASSEMBLY BILL 67

1 income of the individual for whom the claimant has paid or incurred tuition during
2 the taxable year for the individual to participate in an education program of the
3 qualified postsecondary institution is not more than 185 percent of the poverty line
4 and includes a copy of the certification with the claimant's return. For purposes of
5 this subdivision and par. (b) 2., if an individual for whom the claimant has paid or
6 incurred tuition is claimed as a dependent on another person's tax return, the
7 individual's taxable income shall be the taxable income of the person on whose return
8 the individual is claimed as a dependent.

9 3. No credit may be allowed under par. (b) unless the claimant certifies to the
10 department of revenue that the claimant will not be reimbursed for any amount of
11 tuition for which the claimant claims a credit under par. (b).

12 (d) A claimant may not claim the credit under par. (b) for any tuition amounts
13 that the claimant excluded under s. 71.05 (6) (b) 28. or under section 127 of the
14 Internal Revenue Code.

15 (e) A claimant may not claim the credit under par. (b) for any tuition amounts
16 that the claimant paid or incurred for a family member of the claimant or for a family
17 member of a managing employee unless all of the following apply:

18 1. The family member was employed an average of at least 20 hours per week
19 as an employee of the claimant, or the claimant's business, during the one-year
20 period prior to commencing participation in the education program in connection
21 with which the claimant claims a credit under par. (b).

22 2. The family member is enrolled in a degree-granting program that is
23 substantially related to the claimant's business.

24 3. The family member is making satisfactory progress towards completing the
25 degree-granting program under subd. 5.b

ASSEMBLY BILL 67

(d) Administration 1.

1 (f) The carry-over provisions of s. 71.28 (4) (e) and (f), as they apply to the credit
2 under s. 71.28 (4), apply to the credit under this subsection.

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

11 (h) Section 71.28 (4) (g) and (h), as it applies to the credit under s. 71.28 (4),
12 applies to the credit under this subsection.

13 (i) The department of revenue shall biennially submit a report to the legislature
14 under s. 13.172 (2) that identifies each qualified postsecondary institution for which
15 it has received written certification from a claimant under par. (c). The report shall
16 specify the total amount of the tuition for each such institution that is claimed as a
17 credit under this subsection in the previous biennium.

Sort
out of
order

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

71.10 (4) (cd) The education credit under s. 71.07 (5r).

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), (2ds), (2dx), (3g), (3n), (3s), (3t), (3w), (5b), (5e), (5f), (5g), and (5h),
and (5r) 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:

ASSEMBLY BILL 67

SECTION 5

1 71.26 (2) (a) *Corporations in general.* The "net income" of a corporation means
 2 the gross income as computed under the Internal Revenue Code as modified under
 3 sub. (3) minus the amount of recapture under s. 71.28 (1di) plus the amount of credit
 4 computed under s. 71.28 (1), (3), (4), and (5) minus, as provided under s. 71.28 (3) (c)
 5 7., the amount of the credit under s. 71.28 (3) that the taxpayer added to income
 6 under this paragraph at the time that the taxpayer first claimed the credit plus the
 7 amount of the credit computed under s. 71.28 (1dd), (1de), (1di), (1dj), (1dL), (1dm),
 8 (1ds), (1dx), (3g), (3n), (3t), (3w), (5b), (5e), (5f), (5g), and (5h), and (5r) and not passed
 9 through by a partnership, limited liability company, or tax-option corporation that
 10 has added that amount to the partnership's, limited liability company's, or
 11 tax-option corporation's income under s. 71.21 (4) or 71.34 (1) (g) plus the amount
 12 of losses from the sale or other disposition of assets the gain from which would be
 13 wholly exempt income, as defined in sub. (3) (L), if the assets were sold or otherwise
 14 disposed of at a gain and minus deductions, as computed under the Internal Revenue
 15 Code as modified under sub. (3), plus or minus, as appropriate, an amount equal to
 16 the difference between the federal basis and Wisconsin basis of any asset sold,
 17 exchanged, abandoned, or otherwise disposed of in a taxable transaction during the
 18 taxable year, except as provided in par. (b) and s. 71.45 (2) and (5).

19 SECTION 6. 71.28 (5r) of the statutes is created to read:

20 71.28 (5r) EDUCATION CREDIT. (a) In this subsection:

Definitions. ①

21 1. "Claimant" means a corporation that files a claim under this subsection.

22 2. "Degree-granting program" means an education program for which an
23 associate, a bachelor's, or a graduate degree is awarded upon successful completion.

24 3. "Family member" has the meaning given in s. 157.061 (7).

INSERT
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ASSEMBLY BILL 67

1 4. "Managing employee" means an individual who wholly or partially exercises
2 operational or managerial control over, or who directly or indirectly conducts, the
3 operation of the claimant's business.

4 5. "Paid or incurred" includes any amount paid by the claimant to reimburse
5 an individual for the tuition that the individual paid or incurred.

6 6. "Poverty line" has the meaning given in s. 49.001 (5).

7 7. "Qualified postsecondary institution" means all of the following:

8 a. A University of Wisconsin System institution, a technical college system
9 institution, or a regionally accredited 4-year nonprofit college or university having
10 its regional headquarters and principal place of business in this state.

11 b. A school approved under s. 38.50, if the delivery of education occurs in this
12 state.

13 (b) *Filing claims. ①* Subject to the limitations provided in this subsection, a claimant may claim
14 as a credit against the tax imposed under s. 71.23 an amount equal to the following:

15 1. Fifty percent of the tuition that the claimant paid or incurred during the
16 taxable year for an individual to participate in an education program of a qualified
17 postsecondary institution, if the individual was enrolled in a degree-granting
18 program.

19 2. Seventy-five percent of the tuition that the claimant paid or incurred during
20 the taxable year for an individual to participate in an education program of a
21 qualified postsecondary institution, if the individual was enrolled in a
22 degree-granting program and if the individual's taxable income in the year prior to
23 commencing participation in the education program in connection with which a
24 credit is claimed is not more than 185 percent of the poverty line.

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① (c) ¹ *Limitation.* 1. No credit may be allowed under par. (b) unless the claimant obtains written certification from a qualified postsecondary institution concerning the amount of tuition paid or incurred during the taxable year for which the claimant is claiming a credit under this subsection and includes a copy of the certification with the claimant's return.

2. No credit may be allowed under par. (b) 2. unless the claimant obtains written certification from a qualified postsecondary institution that the taxable income of the individual for whom the claimant has paid or incurred tuition during the taxable year for the individual to participate in an education program of the qualified postsecondary institution is not more than 185 percent of the poverty line and includes a copy of the certification with the claimant's return. For purposes of this subdivision and par. (b) 2., if an individual for whom the claimant has paid or incurred tuition is claimed as a dependent on another person's tax return, the individual's taxable income shall be the taxable income of the person on whose return the individual is claimed as a dependent.

3. No credit may be allowed under par. (b) unless the claimant certifies to the department of revenue that the claimant will not be reimbursed for any amount of tuition for which the claimant claims a credit under par. (b).

⁴ (d) A claimant may not claim the credit under par. (b) for any tuition amounts that the claimant has excluded under section 127 of the Internal Revenue Code.

⁵ (e) A claimant may not claim the credit under par. (b) for any tuition amounts that the claimant paid or incurred for a family member of a managing employee unless all of the following apply:

^a 1. The family member was employed an average of at least 20 hours per week as an employee of the claimant, or the claimant's business, during the one-year

9

ASSEMBLY BILL 67

(d) Administration¹

1 period prior to commencing participation in the education program in connection
2 with which the claimant claims a credit under par. (b).

3 ² The family member is enrolled in a degree-granting program that is
4 substantially related to the claimant's business.

5 ³ The family member is making satisfactory progress towards completing the
6 degree-granting program under subd. ^{5. b}

7 (f) The carry-over provisions of sub. (4) (e) and (f), as they apply to the credit
8 under sub. (4), apply to the credit under this subsection.

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

17 (h) Subsection (4) (g) and (h), as it applies to the credit under sub. (4), applies
18 to the credit under this subsection.

19 (i) The department of revenue shall biennially submit a report to the legislature
20 under s. 13.172 (2) that identifies each qualified postsecondary institution for which
21 it has received written certification from a claimant under par. (c). The report shall
22 specify the total amount of the tuition for each such institution that is claimed as a
23 credit under this subsection in the previous biennium.

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

24 71.30 (3) (dn) The education credit under s. 71.28 (5r).
25 ^(cd)

ASSEMBLY BILL 67

SECTION 8

9

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), (1dm), (1ds), (1dx), (3), (3g), (3n), (3t), (3w), (5b), (5e), (5f), (5g), and (5h), and (5r) 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 (5r) 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).

INSERT 10-12

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

71.47 (5r) EDUCATION CREDIT. (a) In this subsection:

Definitions

- 1. "Claimant" means a corporation that files a claim under this subsection.
- 2. "Degree-granting program" means an educational program for which an associate, a bachelor's, or a graduate degree is awarded upon successful completion.
- 3. "Family member" has the meaning given in s. 157.061 (7).
- 4. "Managing employee" means an individual who wholly or partially exercises operational or managerial control over, or who directly or indirectly conducts, the operation of the claimant's business.
- 5. "Paid or incurred" includes any amount paid by the claimant to reimburse an individual for the tuition that the individual paid or incurred.
- 6. "Poverty line" has the meaning given in s. 49.001 (5).
- 7. "Qualified postsecondary institution" means all of the following:

ASSEMBLY BILL 67

1 a. A University of Wisconsin System institution, a technical college system
2 institution, or a regionally accredited 4-year nonprofit college or university having
3 its regional headquarters and principal place of business in this state.

4 b. A school approved under s. 38.50, if the delivery of education occurs in this
5 state.

6 (b) *Filing claims. ①* Subject to the limitations provided in this subsection, a claimant may claim
7 as a credit against the tax imposed under s. 71.43 an amount equal to the following:

8 1. Fifty percent of the tuition that the claimant paid or incurred during the
9 taxable year for an individual to participate in an education program of a qualified
10 postsecondary institution, if the individual was enrolled in a degree-granting
11 program.

12 2. Seventy-five percent of the tuition that the claimant paid or incurred during
13 the taxable year for an individual to participate in an education program of a
14 qualified postsecondary institution, if the individual was enrolled in a
15 degree-granting program and if the individual's taxable income in the year prior to
16 commencing participation in the education program in connection with which a
17 credit is claimed is not more than 185 percent of the poverty line.

18 (c) 1. No credit may be allowed under par. (b) unless the claimant obtains
19 written certification from a qualified postsecondary institution concerning the
20 amount of tuition paid or incurred during the taxable year for which the claimant is
21 claiming a credit under this subsection and includes a copy of the certification with
22 the claimant's return.

23 2. No credit may be allowed under par. (b) 2. unless the claimant obtains
24 written certification from a qualified postsecondary institution that the taxable
25 income of the individual for whom the claimant has paid or incurred tuition during

Limitations. ①

ASSEMBLY BILL 67

1 the taxable year for the individual to participate in an education program of the
2 qualified postsecondary institution is not more than 185 percent of the poverty line
3 and includes a copy of the certification with the claimant's return. For purposes of
4 this subdivision and par. (b) 2., if an individual for whom the claimant has paid or
5 incurred tuition is claimed as a dependent on another person's tax return, the
6 individual's taxable income shall be the taxable income of the person on whose return
7 the individual is claimed as a dependent.

8 3. No credit may be allowed under par. (b) unless the claimant certifies to the
9 department of revenue that the claimant will not be reimbursed for any amount of
10 tuition for which the claimant claims a credit under par. (b).

11 (d) A claimant may not claim the credit under par. (b) for any tuition amounts
12 that the claimant excluded under section 127 of the Internal Revenue Code.

13 (e) A claimant may not claim the credit under par. (b) for any tuition amounts
14 that the claimant paid or incurred for a family member of a managing employee
15 unless all of the following apply:

16 1. The family member was employed an average of at least 20 hours per week
17 as an employee of the claimant, or the claimant's business, during the one-year
18 period prior to commencing participation in the education program in connection
19 with which the claimant claims a credit under par. (b).

20 2. The family member is enrolled in a degree-granting program that is
21 substantially related to the claimant's business.

22 3. The family member is making satisfactory progress towards completing the
23 degree-granting program under subd. 5. b.

24 (f) The carry-over provisions of s. 71.28 (4) (e) and (f), as they apply to the credit
25 under s. 71.28 (4), apply to the credit under this subsection.

(d) administration 1.

ASSEMBLY BILL 67

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

9 (h) Section 71.28 (4) (g) and (h), as it applies to the credit under s. 71.28 (4),
10 applies to the credit under this subsection.

11 (i) The department of revenue shall biennially submit a report to the legislature
12 under s. 13.172 (2) that identifies each qualified postsecondary institution for which
13 it has received written certification from a claimant under par. (c). The report shall
14 specify the total amount of the tuition for each such institution that is claimed as a
15 credit under this subsection in the previous biennium.

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

17 71.49 (1) (dn) The education credit under s. 71.47 (5r).

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

19 77.92 (4) "Net business income," with respect to a partnership, means taxable
20 income as calculated under section 703 of the Internal Revenue Code; plus the items
21 of income and gain under section 702 of the Internal Revenue Code, including taxable
22 state and municipal bond interest and excluding nontaxable interest income or
23 dividend income from federal government obligations; minus the items of loss and
24 deduction under section 702 of the Internal Revenue Code, except items that are not
25 deductible under s. 71.21; plus guaranteed payments to partners under section 707

ASSEMBLY BILL 67

SECTION 12

1 (c) of the Internal Revenue Code; plus the credits claimed under s. 71.07 (2dd), (2de),
 2 (2di), (2dj), (2dL), (2dm), (2dr), (2ds), (2dx), (3g), (3s), (3n), (3t), (3w), (5b), (5e), (5f),
 3 (5g), ~~and (5h), and (5r)~~; and plus or minus, as appropriate, transitional adjustments,
 4 depreciation differences, and basis differences under s. 71.05 (13), (15), (16), (17), and
 5 (19); but excluding income, gain, loss, and deductions from farming. "Net business
 6 income," with respect to a natural person, estate, or trust, means profit from a trade
 7 or business for federal income tax purposes and includes net income derived as an
 8 employee as defined in ~~section 3121 (d) (3)~~ of the Internal Revenue Code.

INSERT
14-8

SECTION 13. Initial applicability.

(1) EDUCATION CREDIT. This act first applies to taxable years beginning on July

11 1, 2007

2009

(END)

12

Insert 2 - 6

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

2 71.05 (6) (a) 15. The amount of the credits computed under s. 71.07 (2dd), (2de),
3 (2di), (2dj), (2dL), (2dm), (2dr), (2ds), (2dx), (3g), (3h), (3n), (3p), (3s), (3t), (3w), (5e),
4 (5f), (5h), (5i), (5j), and (5k), and (5r) and not passed through by a partnership, limited
5 liability company, or tax-option corporation that has added that amount to the
6 partnership's, company's, or tax-option corporation's income under s. 71.21 (4) or
7 71.34 (1k) (g).

History: 1987 a. 312; 1987 a. 411 ss. 42, 43, 45, 47 to 49, 51 to 53; 1989 a. 31, 46; 1991 a. 2, 37, 39, 269; 1993 a. 16, 112, 204, 263, 437; 1995 a. 27, 56, 209, 227, 261, 371, 403, 453; 1997 a. 27, 35, 39, 237; 1999 a. 9, 32, 44, 54, 65, 167; 2001 a. 16, 104, 105, 109; 2003 a. 85, 99, 119, 135, 183, 255, 289, 321, 326; 2005 a. 22, 25, 216, 254, 335, 361, 479, 483; 2007 a. 20, 96, 226.

Insert 6 - 18

8 **SECTION 2.** 71.21 (4) of the statutes is amended to read:

9 71.21 (4) Credits computed by a partnership under s. 71.07 (2dd), (2de), (2di),
10 (2dj), (2dL), (2dm), (2ds), (2dx), (3g), (3h), (3n), (3p), (3s), (3t), (3w), (5e), (5f), (5g),
11 (5h), (5i), (5j), and (5k), and (5r) and passed through to partners shall be added to the
12 partnership's income.

History: 1987 a. 312, 411; 1989 a. 31; 1993 a. 112; 1995 a. 27, 400; 1997 a. 27; 2001 a. 16; 2003 a. 99, 135, 255, 326; 2005 a. 74, 361, 479, 483; 2007 a. 20, 96.

13 **SECTION 3.** 71.26 (2) (a) 4. of the statutes is amended to read:

14 71.26 (2) (a) 4. Plus the amount of the credit computed under s. 71.28 (1dd),
15 (1de), (1di), (1dj), (1dL), (1dm), (1ds), (1dx), (3g), (3h), (3n), (3p), (3t), (3w), (5e), (5f),
16 (5g), (5h), (5i), (5j), and (5k), and (5r) and not passed through by a partnership,
17 limited liability company, or tax-option corporation that has added that amount to
18 the partnership's, limited liability company's, or tax-option corporation's income
19 under s. 71.21 (4) or 71.34 (1k) (g).

History: 1987 a. 312; 1987 a. 411 ss. 22, 124 to 129; 1989 a. 31, 336; 1991 a. 37, 39, 221, 269; 1993 a. 16, 112, 246, 263, 399, 437, 491; 1995 a. 27, 56, 351, 371, 380, 428; 1997 a. 27, 37, 184, 237; 1999 a. 9, 65; 1999 a. 150 s. 672; 1999 a. 167, 194; 2001 a. 16, 38, 106, 109; 2003 a. 33, 85, 99, 135, 255, 326; 2005 a. 25, 74, 335, 361, 362, 479, 483; 2007 a. 20, 96, 97, 151, 226.

Insert 10 - 12

1 **SECTION 4.** 71.34 (1k) (g) of the statutes is amended to read:

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

History: 1987 a. 312; 1987 a. 411 ss. 18, 23, 146; 1989 a. 31, 336; 1991 a. 39, 269; 1993 a. 16, 437; 1995 a. 27, 380, 428; 1997 a. 27, 37, 237; 1999 a. 9, 194; 2001 a. 16, 109; 2003 a. 33, 99, 135, 255, 326; 2005 a. 25, 49, 74, 361, 479, 483; 2007 a. 20, 96, 226.

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

7 71.45 (2) (a) 10. By adding to federal taxable income the amount of credit
8 computed under s. 71.47 (1dd) to (1dx), (3h), (3n), (3p), (3w), (5e), (5f), (5g), (5h), (5i),
9 (5j), and (5k), and (5r) and not passed through by a partnership, limited liability
10 company, or tax-option corporation that has added that amount to the partnership's,
11 limited liability company's, or tax-option corporation's income under s. 71.21 (4) or
12 71.34 (1k) (g) and the amount of credit computed under s. 71.47 (1), (3), (3t), (4), and
13 (5).

History: 1987 a. 312; 1989 a. 31, 336, 359; 1991 a. 37, 39, 269; 1993 a. 16, 112, 263, 437; 1995 a. 27, 56, 371, 380; 1997 a. 27, 37, 237; 1999 a. 9, 65; 1999 a. 150 s. 672; 1999 a. 167, 194; 2001 a. 16, 38, 109; 2003 a. 37, 85, 99, 135, 255, 326; 2005 a. 74, 297, 335, 361, 479, 483; 2007 a. 20, 96, 226.

Insert 14 - 8

14 **SECTION 6.** 77.92 (4) of the statutes is amended to read:

15 77.92 (4) "Net business income," with respect to a partnership, means taxable
16 income as calculated under section 703 of the Internal Revenue Code; plus the items
17 of income and gain under section 702 of the Internal Revenue Code, including taxable
18 state and municipal bond interest and excluding nontaxable interest income or
19 dividend income from federal government obligations; minus the items of loss and
20 deduction under section 702 of the Internal Revenue Code, except items that are not
21 deductible under s. 71.21; plus guaranteed payments to partners under section 707
22 (c) of the Internal Revenue Code; plus the credits claimed under s. 71.07 (2dd), (2de),

1 (2di), (2dj), (2dL), (2dm), (2dr), (2ds), (2dx), (3g), (3h), (3s), (3n), (3p), (3t), (3w), (5e),
2 (5f), (5g), (5h), (5i), (5j), ~~and (5k)~~, and (5r); and plus or minus, as appropriate,
3 transitional adjustments, depreciation differences, and basis differences under s.
4 71.05 (13), (15), (16), (17), and (19); but excluding income, gain, loss, and deductions
5 from farming. "Net business income," with respect to a natural person, estate, or
6 trust, means profit from a trade or business for federal income tax purposes and
7 includes net income derived as an employee as defined in section 3121 (d) (3) of the
8 Internal Revenue Code.

History: 1989 a. 335; 1991 a. 39, 269; 1993 a. 16, 112, 490; 1995 a. 27, 209; 1997 a. 27; 1999 a. 9; 2001 a. 16; 2003 a. 99, 135, 255, 326; 2005 a. 74, 361, 479, 483; 2007 a. 20, 96.

Duerst, Christina

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