

## 2009 DRAFTING REQUEST

### Bill

Received: **01/21/2009**

Received By: **jkreye**

Wanted: **As time permits**

Identical to LRB:

For: **Jason Fields (608) 266-3756**

By/Representing: **corey**

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.Fields@legis.wisconsin.gov**

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

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### Pre Topic:

No specific pre topic given

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### Topic:

Tax credit for hiring certain individuals

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### Instructions:

See attached

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### 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>
/?				_____			State
/P1	jkreye 01/29/2009	bkraft 02/17/2009	rschluet 02/17/2009	_____	lparisi 02/17/2009		State
/1	jkreye 02/25/2009	bkraft 02/25/2009	phenry 02/26/2009	_____	lparisi 02/26/2009	cduerst 04/08/2009	

FE Sent For: **03/02/2009.**

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FE Sent For:

03-02-2009  
("/1")

See attached

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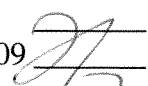
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**Instructions:**

See attached

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/P1	jkreye 01/29/2009	bkraft 02/17/2009	rschluet 02/17/2009		lparisi 02/17/2009		

FE Sent For:

1/bjk<sup>2</sup>/25

2/25  
ph

<END>

ph/jk

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Wanted: As time permits

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Tax credit for hiring certain individuals

Instructions:

See attached

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/?	jkreye	/Pl bjk 2/17					

FE Sent For:

<END>

## Kreye, Joseph

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**From:** Palmer-Rehorst, Corey  
**Sent:** Wednesday, January 21, 2009 4:34 PM  
**To:** Kreye, Joseph  
**Subject:** Bill Draft request for Rep. Fields

**Attachments:** Targeted Employee Tax Credit memo.doc

Hello Joseph,

Representative Fields is interested in developing a bill that would give businesses an income and franchise tax credit for hiring targeted groups of people (i.e. veterans, disabled, ex-felons, and summer youth). Previously you have drafted two related bills for Rep. Fields, LRB--0124 involving ex-felons and LRB--0579 involving summer youth employment. Would you mind drafting a similar bill as outlined in the attached memo?

Thanks for your help,

Corey  
Office of Rep. Jason Fields  
(608)266-3756



Targeted Employee  
Tax Credit m...

## Targeted Employee Tax Credit

Much like the Work Opportunities Tax Credit currently in existence at the federal level, this bill creates an income and franchise tax credit for employers who hire individuals from the following targeted groups:

### New Adult Employees

- **Qualified Veteran.** A veteran who is a member of a family that is receiving or recently received food stamps for at least a 3-month period during the past 15 months; and for "disabled veterans" who are entitled to compensation for a service connected disability and who during the one-year ending on the hiring date, were: a) discharged or released from active duty in during the one-year ending on the hiring date, a) discharged or released from active duty in the U.S. Armed Forces, or b) unemployed for a period or periods totaling at least 6 months
- **Vocational Rehabilitation Referral.** An individual who completed or is completing rehabilitative services from a state certified agency, an Employment Network, or the U.S. Department of Veterans Affairs
- **Qualified Ex-Felon.** An individual who has been convicted of a felony and has a hiring date which is not more than one year after the last date on which he was so convicted or released from prison

### New Youth Employees

- **Qualified Summer Youth.** A 16-17 year old high school student or a recent high school graduate that is employed during the period beginning on June 1 and ending on the first Monday in September. Student must come from an economically-disadvantaged family whose income level must have been no more than 70% of the Bureau of Labor Statistics' lower living standard during a specified period.

All new adult employees must work a minimum of 120 or 400 hours. The amount of tax credit an employer can claim for each individual is 10% of qualified first-year wages for those employed at least 120 hours but fewer than 400 hours, and 20% for those employed 400 hours or more. In order to claim the credit, the employee must work for the employer at least 365 days. The maximum credit allowed for each new adult hire is not to exceed \$2,000. The total amount of tax credit to be distributed in any given year for new adult employees is not to exceed \$7 million.

For new youth employees working more than 35 hours a week, an employer can claim a credit not to exceed the lesser of \$400 per month or 50% of the student's monthly wage. For new youth employees working less than 35 hours a week, an employer can claim a credit not to exceed the lesser of \$200 per month or 50% of the student's monthly wage. The maximum credit allowed for each new youth hire is not to exceed \$1,200. The total amount of tax credit to be distributed in any given year for new youth employees is not to exceed \$4 million.

51(d)(3)  
IRC

51(d)(6)  
IRC

51(d)(4)  
IRC

3  
70% of the  
federal  
poverty  
level?

## Kreye, Joseph

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**From:** Palmer-Rehorst, Corey  
**Sent:** Wednesday, January 28, 2009 12:58 PM  
**To:** Kreye, Joseph  
**Subject:** RE: Bill Draft request for Rep. Fields

**Attachments:** Wisconsin's Job Opportunity Tax Credit memo.doc

Hi Joe,

I just spoke with Jason and we decided to make the following modifications:

For the first year of bill enforcement, new adult hires must work a minimum of 400 hours in order for the employer to receive any tax credit. For the second year of bill enforcement, new adult hires must work a minimum of \$1,560 hours per year, including paid leave and holidays. Employment tax credit would be disallowed if the individual's employment with the claimant was terminated or if the individual quit his or her employment less than a year after the individual's hiring date. The amount of tax credit an employer can claim for each individual is 20% of qualified first-year wages. The maximum credit allowed for each new adult hire is not to exceed \$2,500. The total amount of tax credit to be distributed in any given year for new adult employees is not to exceed \$6 million.

We would also like to include an additional tax credit for employers that hire participants in any program administered by one of the eleven Workforce Investment Boards in the state of Wisconsin. For the first year of bill enforcement, new WIB hires must work a minimum of 400 hours in order for the employer to receive any tax credit. For the second year of bill enforcement, new WIB hires must work a minimum of \$1,560 hours per year, including paid leave and holidays. Employment tax credit would be disallowed if the individual's employment with the claimant was terminated or if the individual quit his or her employment less than a year after the individual's hiring date. The amount of tax credit an employer can claim for each individual is 20% of qualified first-year wages. The maximum credit allowed for each new adult hire is not to exceed \$2,000. The total amount of tax credit to be distributed in any given year for new WIB employees is not to exceed \$3 million.

Could you also change the total amount of tax credit to be distributed in any given year for new youth employees to \$3 million (as opposed to it's current \$4 million)?

Thanks so much for your help. Please let me know if anything needs clarification. I have attached a revised outline of the bill including these modifications as well.

Corey



Wisconsin's Job  
Opportunity Ta...

---

**From:** Kreye, Joseph  
**Sent:** Tuesday, January 27, 2009 3:13 PM  
**To:** Palmer-Rehorst, Corey  
**Subject:** RE: Bill Draft request for Rep. Fields

Got it.

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

**From:** Palmer-Rehorst, Corey  
**Sent:** Tuesday, January 27, 2009 3:07 PM  
**To:** Kreye, Joseph  
**Subject:** RE: Bill Draft request for Rep. Fields

Sorry Joe, I accidentally sent that email--I was in the midst of calling you when I wrote it! I am still looking into it and will get back to you soon. Thanks again for your help!

---

**From:** Kreye, Joseph  
**Sent:** Tuesday, January 27, 2009 3:06 PM  
**To:** Palmer-Rehorst, Corey  
**Subject:** RE: Bill Draft request for Rep. Fields

Works for me.

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**From:** Palmer-Rehorst, Corey  
**Sent:** Tuesday, January 27, 2009 3:03 PM  
**To:** Kreye, Joseph  
**Subject:** RE: Bill Draft request for Rep. Fields

Hi Joe,

Thanks for following up with that. I spoke with Rep. Fields and we would like to keep it as is. We chose those requirements

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**From:** Kreye, Joseph  
**Sent:** Tuesday, January 27, 2009 11:03 AM  
**To:** Palmer-Rehorst, Corey  
**Subject:** RE: Bill Draft request for Rep. Fields

Corey,

The instructions for this request indicate that the minimum number of hours that a new adult employee can work (and for which an employer may claim 10 percent of the first year wages) is 120 hours during the course of one year. That only amounts to about 2 hours and 20 minutes a week. Is that consistent with your intent?

Joe

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

---

**From:** Palmer-Rehorst, Corey  
**Sent:** Wednesday, January 21, 2009 4:34 PM  
**To:** Kreye, Joseph  
**Subject:** Bill Draft request for Rep. Fields

Hello Joseph,

Representative Fields is interested in developing a bill that would give businesses an income and franchise tax credit for hiring targeted groups of people (i.e. veterans, disabled, ex-felons, and summer youth). Previously you have drafted two related bills for Rep. Fields, LRB--0124 involving ex-felons and LRB--0579 involving summer youth employment. Would you mind drafting a similar bill as outlined in the attached memo?

Thanks for your help,

Corey



Office of Rep. Jason Fields  
(608)266-3756

<< File: Targeted Employee Tax Credit memo.doc >>



lbjk

PRELIMINARY DRAFT - NOT READY FOR INTRODUCTION

SA ✓  
X-ref ✓

in 1-29-09

1 AN ACT <sup>gen.</sup> ...; relating to: an income and franchise tax for hiring certain  
2 individuals.

**Analysis by the Legislative Reference Bureau**

This bill provides income and franchise tax credits for hiring the following individuals:

- > 1. A veteran who is entitled to compensation for a service-connected disability and who is a member of a family receiving supplemental nutrition assistance.
- > 2. An ex-felon.
- 3. An individual who is a vocational rehabilitation referral.
- 4. An individual who is participating in a program administered by any local workforce development board in this state.
- 5. An individual who is at least 16 years of age, but no more than 17 years of age, who is either a high school student or who graduates from high school during the taxable year for which a credit is claimed, and who is a member of a family whose Wisconsin taxable income is no more than 70 percent of the federal poverty line.

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:**

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

1           71.05 (6) (a) 15. The amount of the credits computed under s. 71.07 (2dd), (2de),  
2           (2di), (2dj), (2dL), (2dm), (2dr), (2ds), (2dx), (3g), (3h), (3n), (3p), (3s), (3t), (3w), (5c),  
3           (5e), (5f), (5h), (5i), (5j), and (5k) and not passed through by a partnership, limited  
4           liability company, or tax-option corporation that has added that amount to the  
5           partnership's, company's, or tax-option corporation's income under s. 71.21 (4) or  
6           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, 41, 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.

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

8           71.07 (5c) WORK OPPORTUNITIES CREDIT. (a) *Definitions.* In this subsection:

9           1. "Adult employee" means any of the following:

10           a. A qualified veteran, as defined in section 51 (d) (3) of the Internal Revenue  
11           Code.

12           b. A qualified ex-felon, as defined in section 51 (d) (4) of the Internal Revenue  
13           Code.

14           c. An individual who is a vocational rehabilitation referral, as defined in section  
15           51 (d) (6) of the Internal Revenue Code.

16           2. "Claimant" means a person who files a claim under this subsection.

17           3. "Youth employee" means an individual who is at least 16 years of age, but  
18           no more than 17 years of age, who is either a high school student or graduates from  
19           high school during the taxable year for which a credit is claimed under this  
20           subsection, and who is a member of a family whose Wisconsin taxable income is no  
21           more than 70 percent of the federal poverty line, as defined under 42 USC 9902 (2),  
22           for a family the size of the individual's family.

23           (b) *Filing claims.* Subject to the limitations provided in this subsection, for  
24           taxable years beginning after December 31, 2008, a claimant may claim as a credit

1 against the taxes imposed under s. 71.02, up to the amount of the taxes, any of the  
2 following amounts that the claimant paid in the taxable year to an individual whom  
3 the claimant hired in that taxable year, if the individual is employed in this state:

4 1. For taxable years beginning after December 31, 2008, but before January 1,  
5 2010, <sup>20</sup> twenty percent of the wages that the claimant paid to an adult employee, if the  
6 adult employee worked at least 400 hours in the taxable year.

7 2. For taxable years beginning after December 31, 2008, but before January 1,  
8 2010, <sup>20</sup> twenty percent of the wages that the claimant paid to an individual who is  
9 participating in a program administered by a local workforce development board in  
10 this state, as established under 29 USC 2832, if the individual worked at least 400  
11 hours in the taxable year.

12 3. For taxable years beginning after December 31, 2009, <sup>20</sup> twenty percent of the  
13 wages that the claimant paid to an adult employee, if the adult employee worked at  
14 least 1,560 hours in the taxable year.

15 4. For taxable years beginning after December 31, 2009, <sup>20</sup> twenty percent of the  
16 wages that the claimant paid to an individual who is participating in a program  
17 administered by a local workforce development board in this state, as established  
18 under 29 USC 2832, if the individual worked at least 1,560 hours in the taxable year.

19 5. Fifty percent of the monthly wages paid to a youth employee.

20 (c) *Limitations.* 1. The maximum amount <sup>of</sup> the credit that a claimant may claim  
21 under par. (b) 1. and 3. in a taxable year shall not exceed an amount equal \$2,500 for  
22 each adult employee described under par. (b) 1. and 3.

23 2. The maximum amount of the credits that may be claimed by all claimants  
24 under par. (b) 1. and 3. and ss. 71.28 (5c) (b) 1. and 3. and 71.47 (5c) (b) 1. and 3. in  
25 a calendar year is \$6,000,000.

1           3. The maximum amount <sup>of</sup> the credit that a claimant may claim under par. (b)  
 2           2. and 4. in a taxable year shall not exceed an amount equal \$2,000 for each employee  
 3           described under par. (b) 2. and 4.

4           4. The maximum amount of the credits that may be claimed by all claimants  
 5           under par. (b) 2. and 4. and ss. 71.28 (5c) (b) 2. and 4. and 71.47 (5c) (b) 2. and 4. in  
 6           a calendar year is \$3,000,000.

7           5. If an employee described in par. (b) 1. to 4. works for the claimant for less than  
 8           365 consecutive days, the amount of any credit that the claimant claimed under this  
 9           subsection shall be paid to the department in the manner prescribed by the  
 10          department.

11          6. The maximum amount of the credit that a claim <sup>of claimant</sup> may claim under par. (b) 5.  
 12          in the taxable year for a youth employee who works less than 35 hours a week during  
 13          the taxable year shall not exceed an amount equal to \$200 for each youth employee  
 14          who works less than 35 hours a week.

15          7. The maximum amount of the credit that a claim <sup>of claimant</sup> may claim under par. (b) 5.  
 16          in the taxable year for a youth employee who works 35 hours or more a week during  
 17          the taxable year shall not exceed an amount equal to \$400 for each youth employee  
 18          who works 35 hours or more a week.

19          8. The maximum amount <sup>of</sup> the credit that a claimant may claim under par. (b)  
 20          5. in a taxable year shall not exceed an amount equal \$1,200 for each youth employee  
 21          described under par. (b) 5.

22          9. The maximum amount of the credits that may be claimed by all claimants  
 23          under par. (b) 5. and ss. 71.28 (5c) (b) 5. and 71.47 (5c) (b) 5. in a calendar year is  
 24          \$3,000,000.

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

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

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

12           71.10 (4) (cr) Work opportunities credit under s. 71.07 (5c).

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

14           71.21 (4) Credits computed by a partnership under s. 71.07 (2dd), (2de), (2di),  
15 (2dj), (2dL), (2dm), (2ds), (2dx), (3g), (3h), (3n), (3p), (3s), (3t), (3w), (5c), (5e), (5f), (5g),  
16 (5h), (5i), (5j), and (5k) and passed through to partners shall be added to the  
17 partnership's income.

18           History: 1987 a. 312, 411; 1989 a. 31; 1993 a. 12; 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.

18           **SECTION 5.** 71.26 (2) (a) 4. of the statutes is amended to read:

19           71.26 (2) (a) 4. Plus the amount of the credit computed under s. 71.28 (1dd),  
20 (1de), (1di), (1dj), (1dL), (1dm), (1ds), (1dx), (3g), (3h), (3n), (3p), (3t), (3w), (5c), (5e),  
21 (5f), (5g), (5h), (5i), (5j), and (5k) and not passed through by a partnership, limited  
22 liability company, or tax-option corporation that has added that amount to the

1 partnership's, limited liability company's, or tax-option corporation's income under  
2 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.

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

4 **71.28 (5c) WORK OPPORTUNITIES CREDIT.** (a) *Definitions.* In this subsection:

5 1. "Adult employee" means any of the following:

6 a. A qualified veteran, as defined in section 51 (d) (3) of the Internal Revenue  
7 Code.

8 b. A qualified ex-felon, as defined in section 51 (d) (4) of the Internal Revenue  
9 Code.

10 c. An individual who is a vocational rehabilitation referral, as defined in section  
11 51 (d) (6) of the Internal Revenue Code.

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

13 3. "Youth employee" means an individual who is at least 16 years of age, but  
14 no more than 17 years of age, who is either a high school student or graduates from  
15 high school during the taxable year for which a credit is claimed under this  
16 subsection, and who is a member of a family whose Wisconsin taxable income is no  
17 more than 70 percent of the federal poverty line, as defined under 42 USC 9902 (2),  
18 for a family the size of the individual's family.

19 (b) *Filing claims.* Subject to the limitations provided in this subsection, for  
20 taxable years beginning after December 31, 2008, a claimant may claim as a credit  
21 against the taxes imposed under s. 71.23, up to the amount of the taxes, any of the  
22 following amounts that the claimant paid in the taxable year to an individual whom  
23 the claimant hired in that taxable year, if the individual is employed in this state:

1           1. For taxable years beginning after December 31, 2008, but before January 1,  
2           2010, <sup>e-20</sup> twenty percent of the wages that the claimant paid to an adult employee, if the  
3           adult employee worked at least 400 hours in the taxable year.

4           2. For taxable years beginning after December 31, 2008, but before January 1,  
5           2010, <sup>e-20</sup> twenty percent of the wages that the claimant paid to an individual who is  
6           participating in a program administered by a local workforce development board in  
7           this state, as established under 29 USC 2832, if the individual worked at least 400  
8           hours in the taxable year.

9           3. For taxable years beginning after December 31, 2009, <sup>e-20</sup> twenty percent of the  
10          wages that the claimant paid to an adult employee, if the adult employee worked at  
11          least 1,560 hours in the taxable year.

12          4. For taxable years beginning after December 31, 2009, <sup>e-20</sup> twenty percent of the  
13          wages that the claimant paid to an individual who is participating in a program  
14          administered by a local workforce development board in this state, as established  
15          under 29 USC 2832, if the individual worked at least 1,560 hours in the taxable year.

16          5. Fifty percent of the monthly wages paid to a youth employee.

17          (c) *Limitations.* 1. The maximum amount <sup>of</sup> the credit that a claimant may claim  
18          under par. (b) 1. and 3. in a taxable year shall not exceed an amount equal \$2,500 for  
19          each adult employee described under par. (b) 1. and 3.

20          2. The maximum amount of the credits that may be claimed by all claimants  
21          under par. (b) 1. and 3. and ss. 71.07 (5c) (b) 1. and 3. and 71.47 (5c) (b) 1. and 3. in  
22          a calendar year is \$6,000,000.

23          3. The maximum amount <sup>of</sup> the credit that a claimant may claim under par. (b)  
24          2. and 4. in a taxable year shall not exceed an amount equal \$2,000 for each employee  
25          described under par. (b) 2. and 4.



1 4. The maximum amount of the credits that may be claimed by all claimants  
2 under par. (b) 2. and 4. and ss. 71.07 (5c) (b) 2. and 4. and 71.47 (5c) (b) 2. and 4. in  
3 a calendar year is \$3,000,000.

4 5. If an employee described in par. (b) 1. to 4. works for the claimant for less than  
5 365 consecutive days, the amount of any credit that the claimant claimed under this  
6 subsection shall be paid to the department in the manner prescribed by the  
7 department.

8 6. The maximum amount of the credit that a claim <sup>e claimant</sup> may claim under par. (b) 5.  
9 in the taxable year for a youth employee who works less than 35 hours a week during  
10 the taxable year shall not exceed an amount equal to \$200 for each youth employee  
11 who works less than 35 hours a week.

12 7. The maximum amount of the credit that a claim <sup>e claimant</sup> may claim under par. (b) 5.  
13 in the taxable year for a youth employee who works 35 hours or more a week during  
14 the taxable year shall not exceed an amount equal to \$400 for each youth employee  
15 who works 35 hours or more a week.

16 8. The maximum amount <sup>of</sup> the credit that a claimant may claim under par. (b)  
17 5. in a taxable year shall not exceed an amount equal \$1,200 for each youth employee  
18 described under par. (b) 5.

19 9. The maximum amount of the credits that may be claimed by all claimants  
20 under par. (b) 5. and ss. 71.07 (5c) (b) 5. and 71.47 (5c) (b) 5. in a calendar year is  
21 \$3,000,000.

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

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

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

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

8 71.30 (3) (dr) Work opportunities credit under s. 71.28 (5c).

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

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

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

15 71.45 (2) (a) 10. By adding to federal taxable income the amount of credit  
 16 computed under s. 71.47 (1dd) to (1dx), (3h), (3n), (3p), (3w), (5c), (5e), (5f), (5g), (5h),  
 17 (5i), (5j), and (5k) and not passed through by a partnership, limited liability company,  
 18 or tax-option corporation that has added that amount to the partnership's, limited  
 19 liability company's, or tax-option corporation's income under s. 71.21 (4) or 71.34 (1k)  
 20 (g) and the amount of credit computed under s. 71.47 (1), (3), (3t), (4), and (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, 83, 99, 135, 255, 326; 2005 a. 74, 297, 335, 361, 479, 483; 2007 a. 20, 96, 226.

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

22 71.47 (5c) WORK OPPORTUNITIES CREDIT. (a) *Definitions.* In this subsection:

23 1. "Adult employee" means any of the following:

1 a. A qualified veteran, as defined in section 51 (d) (3) of the Internal Revenue  
2 Code.

3 b. A qualified ex-felon, as defined in section 51 (d) (4) of the Internal Revenue  
4 Code.

5 c. An individual who is a vocational rehabilitation referral, as defined in section  
6 51 (d) (6) of the Internal Revenue Code.

7 2. "Claimant" means a person who files a claim under this subsection.

8 3. "Youth employee" means an individual who is at least 16 years of age, but  
9 no more than 17 years of age, who is either a high school student or graduates from  
10 high school during the taxable year for which a credit is claimed under this  
11 subsection, and who is a member of a family whose Wisconsin taxable income is no  
12 more than 70 percent of the federal poverty line, as defined under 42 USC 9902 (2),  
13 for a family the size of the individual's family.

14 (b) *Filing claims.* Subject to the limitations provided in this subsection, for  
15 taxable years beginning after December 31, 2008, a claimant may claim as a credit  
16 against the taxes imposed under s. 71.43, up to the amount of the taxes, any of the  
17 following amounts that the claimant paid in the taxable year to an individual whom  
18 the claimant hired in that taxable year, if the individual is employed in this state:

19 1. For taxable years beginning after December 31, 2008, but before January 1,  
20 2010, <sup>e 20</sup> twenty percent of the wages that the claimant paid to an adult employee, if the  
21 adult employee worked at least 400 hours in the taxable year.

22 2. For taxable years beginning after December 31, 2008, but before January 1,  
23 2010, <sup>e 20</sup> twenty percent of the wages that the claimant paid to an individual who is  
24 participating in a program administered by a local workforce development board in

1 this state, as established under 29 USC 2832, if the individual worked at least 400  
2 hours in the taxable year.

3 3. For taxable years beginning after December 31, 2009, <sup>20</sup>twenty percent of the  
4 wages that the claimant paid to an adult employee, if the adult employee worked at  
5 least 1,560 hours in the taxable year.

6 4. For taxable years beginning after December 31, 2009, <sup>20</sup>twenty percent of the  
7 wages that the claimant paid to an individual who is participating in a program  
8 administered by a local workforce development board in this state, as established  
9 under 29 USC 2832, if the individual worked at least 1,560 hours in the taxable year.

10 5. Fifty percent of the monthly wages paid to a youth employee.

11 (c) *Limitations.* 1. The maximum amount <sup>of</sup> the credit that a claimant may claim  
12 under par. (b) 1. and 3. in a taxable year shall not exceed an amount equal \$2,500 for  
13 each adult employee described under par. (b) 1. and 3.

14 2. The maximum amount of the credits that may be claimed by all claimants  
15 under par. (b) 1. and 3. and ss. 71.07 (5c) (b) 1. and 3. and 71.28 (5c) (b) 1. and 3. in  
16 a calendar year is \$6,000,000.

17 3. The maximum amount <sup>of</sup> the credit that a claimant may claim under par. (b)  
18 2. and 4. in a taxable year shall not exceed an amount equal \$2,000 for each employee  
19 described under par. (b) 2. and 4.

20 4. The maximum amount of the credits that may be claimed by all claimants  
21 under par. (b) 2. and 4. and ss. 71.07 (5c) (b) 2. and 4. and 71.28 (5c) (b) 2. and 4. in  
22 a calendar year is \$3,000,000.

23 5. If an employee described in par. (b) 1. to 4. works for the claimant for less than  
24 365 consecutive days, the amount of any credit that the claimant claimed under this

1 subsection shall be paid to the department in the manner prescribed by the  
2 department.

3 6. The maximum amount of the credit that a claim <sup>claimant</sup> may claim under par. (b) 5.  
4 in the taxable year for a youth employee who works less than 35 hours a week during  
5 the taxable year shall not exceed an amount equal to \$200 for each youth employee  
6 who works less than 35 hours a week.

7 7. The maximum amount of the credit that a claim <sup>claimant</sup> may claim under par. (b) 5.  
8 in the taxable year for a youth employee who works 35 hours or more a week during  
9 the taxable year shall not exceed an amount equal to \$400 for each youth employee  
10 who works 35 hours or more a week.

11 8. The maximum amount <sup>of</sup> the credit that a claimant may claim under par. (b)  
12 5. in a taxable year shall not exceed an amount equal \$1,200 for each youth employee  
13 described under par. (b) 5.

14 9. The maximum amount of the credits that may be claimed by all claimants  
15 under par. (b) 5. and ss. 71.07 (5c) (b) 5. and 71.28 (5c) (b) 5. in a calendar year is  
16 \$3,000,000.

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

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

3 **SECTION 11.** <sup>X</sup> 71.49 (1) (cr) of the statutes is created to read:

4 71.49 (1) (cr) Work opportunities credit under s. 71.47 (5c).

5 **SECTION 12.** <sup>X</sup> 77.92 (4) of the statutes is amended to read:

6 77.92 (4) "Net business income," with respect to a partnership, means taxable  
7 income as calculated under section 703 of the Internal Revenue Code; plus the items  
8 of income and gain under section 702 of the Internal Revenue Code, including taxable  
9 state and municipal bond interest and excluding nontaxable interest income or  
10 dividend income from federal government obligations; minus the items of loss and  
11 deduction under section 702 of the Internal Revenue Code, except items that are not  
12 deductible under s. 71.21; plus guaranteed payments to partners under section 707  
13 (c) of the Internal Revenue Code; plus the credits claimed under s. 71.07 (2dd), (2de),  
14 (2di), (2dj), (2dL), (2dm), (2dr), (2ds), (2dx), (3g), (3h), (3s), (3n), (3p), (3t), (3w), (5c),  
15 (5e), (5f), (5g), (5h), (5i), (5j), and (5k); and plus or minus, as appropriate, transitional  
16 adjustments, depreciation differences, and basis differences under s. 71.05 (13), (15),  
17 (16), (17), and (19); but excluding income, gain, loss, and deductions from farming.  
18 "Net business income," with respect to a natural person, estate, or trust, means profit  
19 from a trade or business for federal income tax purposes and includes net income  
20 derived as an employee as defined in section 3121 (d) (3) of the Internal Revenue  
21 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.

22

(END)



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

LRB-1694/P1dn

JK:.....

Lbjk

Date

Representative Fields:

Please review this draft carefully to ensure that it is consistent with your intent.

Joseph T. Kreye  
Senior Legislative Attorney  
Phone: (608) 266-2263  
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**DRAFTER'S NOTE  
FROM THE  
LEGISLATIVE REFERENCE BUREAU**

LRB-1694/P1dn  
JK:bjk:rs

February 17, 2009

**Representative Fields:**

Please review this draft carefully to ensure that it is consistent with your intent.

Joseph T. Kreye  
Senior Legislative Attorney  
Phone: (608) 266-2263  
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State of Wisconsin  
2009 - 2010 LEGISLATURE

LRB-1694/P1

JK:bjk:rs

RMR

stays

g

PRELIMINARY DRAFT - NOT READY FOR INTRODUCTION

SA

in 2-25-09  
SOON

regen.

1 AN ACT *to amend* 71.05 (6) (a) 15., 71.21 (4), 71.26 (2) (a) 4., 71.34 (1k) (g), 71.45  
2 (2) (a) 10. and 77.92 (4); and *to create* 71.07 (5c), 71.10 (4) (cr), 71.28 (5c), 71.30  
3 (3) (dr), 71.47 (5c) and 71.49 (1) (cr) of the statutes; **relating to:** an income and  
4 franchise tax for hiring certain individuals.

**Analysis by the Legislative Reference Bureau**

This bill provides income and franchise tax credits for hiring the following individuals:

1. A veteran who is entitled to compensation for a service-connected disability and who is a member of a family receiving supplemental nutrition assistance.
2. An ex-felon.
3. An individual who is a vocational rehabilitation referral.
4. An individual who is participating in a program administered by any local workforce development board in this state.
5. An individual who is at least 16 years of age, but no more than 17 years of age, who is either a high school student or who graduates from high school during the taxable year for which a credit is claimed, and who is a member of a family whose Wisconsin taxable income is no more than 70 percent of the federal poverty line.

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:**

as affected by 2009 Wisconsin Act 25

(2dy)

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), (5c),  
4 (5e), (5f), (5h), (5i), (5j), and (5k) 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).

(3n)

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

9 71.07 (5c) <sup>Job CS</sup> WORK OPPORTUNITIES CREDIT. (a) *Definitions*. In this subsection:

- 10 1. "Adult employee" means any of the following:
  - 11 a. A qualified veteran, as defined in section 51 (d) (3) of the Internal Revenue
  - 12 Code.
  - 13 b. A qualified ex-felon, as defined in section 51 (d) (4) of the Internal Revenue
  - 14 Code.
  - 15 c. An individual who is a vocational rehabilitation referral, as defined in section
  - 16 51 (d) (6) of the Internal Revenue Code.
- 17 2. "Claimant" means a person who files a claim under this subsection.
- 18 3. "Youth employee" means an individual who is at least 16 years of age, but
- 19 no more than 17 years of age, who is either a high school student or graduates from
- 20 high school during the taxable year for which a credit is claimed under this
- 21 subsection, and who is a member of a family whose Wisconsin taxable income is no

1 more than 70 percent of the federal poverty line, as defined under 42 USC 9902 (2),  
2 for a family the size of the individual's family.

3 (b) *Filing claims.* Subject to the limitations provided in this subsection, for  
4 taxable years beginning after December 31, 2008, a claimant may claim as a credit  
5 against the taxes imposed under s. 71.02, up to the amount of the taxes, any of the  
6 following amounts that the claimant paid in the taxable year to an individual whom  
7 the claimant hired in that taxable year, if the individual is employed in this state:

8 1. For taxable years beginning after December 31, 2008, but before January 1,  
9 2010, 20 percent of the wages that the claimant paid to an adult employee, if the adult  
10 employee worked at least 400 hours in the taxable year.

*including paid leave x4*

11 2. For taxable years beginning after December 31, 2008, but before January 1,  
12 2010, 20 percent of the wages that the claimant paid to an individual who is  
13 participating in a program administered by a local workforce development board in  
14 this state, as established under 29 USC 2832, if the individual worked at least 400  
15 hours in the taxable year.

16 3. For taxable years beginning after December 31, 2009, 20 percent of the wages  
17 that the claimant paid to an adult employee, if the adult employee worked at least  
18 1,560 hours in the taxable year.

19 4. For taxable years beginning after December 31, 2009, 20 percent of the wages  
20 that the claimant paid to an individual who is participating in a program  
21 administered by a local workforce development board in this state, as established  
22 under 29 USC 2832, if the individual worked at least 1,560 hours in the taxable year.

23 5. Fifty percent of the monthly wages paid to a youth employee.

1 (c) *Limitations.* 1. The maximum amount of the credit that a claimant may  
2 claim under par. (b) 1. and 3. in a taxable year shall not exceed an amount equal  
3 \$2,500 for each adult employee described under par. (b) 1. and 3.

4 2. The maximum amount of the credits that may be claimed by all claimants  
5 under par. (b) 1. and 3. and ss. 71.28 (5c) (b) 1. and 3. and 71.47 (5c) (b) 1. and 3. in  
6 a calendar year is \$6,000,000.

7 3. The maximum amount of the credit that a claimant may claim under par. (b)  
8 2. and 4. in a taxable year shall not exceed an amount equal \$2,000 for each employee  
9 described under par. (b) 2. and 4.

10 4. The maximum amount of the credits that may be claimed by all claimants  
11 under par. (b) 2. and 4. and ss. 71.28 (5c) (b) 2. and 4. and 71.47 (5c) (b) 2. and 4. in  
12 a calendar year is \$3,000,000.

13 5. If an employee described in par. (b) 1. to 4. works for the claimant for less than  
14 365 consecutive days, the amount of any credit that the claimant claimed under this  
15 subsection shall be paid to the department in the manner prescribed by the  
16 department.

17 6. The maximum amount of the credit that a claimant may claim under par. (b)  
18 5. in the taxable year for a youth employee who works less than 35 hours a week  
19 during the taxable year shall not exceed an amount equal to \$200 for each youth  
20 employee who works less than 35 hours a week.

21 7. The maximum amount of the credit that a claimant may claim under par. (b)  
22 5. in the taxable year for a youth employee who works 35 hours or more a week during  
23 the taxable year shall not exceed an amount equal to \$400 for each youth employee  
24 who works 35 hours or more a week.

*including paid leave x2*

*such*

*month*

*multiplied by the number of months  
the employee is employed by the  
claimant youth x2*

1 8. The maximum amount of the credit that a claimant may claim under par. (b)  
2 5. in a taxable year shall not exceed an amount equal \$1,200 for each youth employee  
3 described under par. (b) 5.

4 9. The maximum amount of the credits that may be claimed by all claimants  
5 under par. (b) 5. and ss. 71.28 (5c) (b) 5. and 71.47 (5c) (b) 5. in a calendar year is  
6 \$3,000,000.

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

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

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

has affected by Wisconsin 2009 Wisconsin act 2 up

18 71.10 (4) (cr) <sup>job</sup> Work opportunities credit under s. 71.07 (5c).

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

(2dy) up

20 71.21 (4) Credits computed by a partnership under s. 71.07 (2dd), (2de), (2di),  
21 (2dj), (2dL), (2dm), (2ds), (2dx), (3g), (3h), (3n), (3p), (3s), (3t), (3w), (5c), (5e), (5f), (5g),  
22 (5h), (5i), (5j), and (5k) and passed through to partners shall be added to the  
23 partnership's income.

24 SECTION 5. 71.26 (2) (a) 4. of the statutes is amended to read:

(3n) up

has affected by Wisconsin 2009 Wisconsin act 2 up

(1dy) ↗

(3r) ↗

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

7 SECTION 6. 71.28 (5c) of the statutes is created to read:

8 71.28 (5c) <sup>JOB CS</sup> WORK OPPORTUNITIES CREDIT. (a) *Definitions*. In this subsection:

9 1. "Adult employee" means any of the following:

10 a. A qualified veteran, as defined in section 51 (d) (3) of the Internal Revenue  
11 Code.

12 b. A qualified ex-felon, as defined in section 51 (d) (4) of the Internal Revenue  
13 Code.

14 c. An individual who is a vocational rehabilitation referral, as defined in section  
15 51 (d) (6) of the Internal Revenue Code.

16 2. "Claimant" means a person who files a claim under this subsection.

17 3. "Youth employee" means an individual who is at least 16 years of age, but  
18 no more than 17 years of age, who is either a high school student or graduates from  
19 high school during the taxable year for which a credit is claimed under this  
20 subsection, and who is a member of a family whose Wisconsin taxable income is no  
21 more than 70 percent of the federal poverty line, as defined under 42 USC 9902 (2),  
22 for a family the size of the individual's family.

23 (b) *Filing claims*. Subject to the limitations provided in this subsection, for  
24 taxable years beginning after December 31, 2008, a claimant may claim as a credit  
25 against the taxes imposed under s. 71.23, up to the amount of the taxes, any of the

1 following amounts that the claimant paid in the taxable year to an individual whom  
2 the claimant hired in that taxable year, if the individual is employed in this state:

3 1. For taxable years beginning after December 31, 2008, but before January 1,  
4 2010, 20 percent of the wages that the claimant paid to an adult employee, if the adult  
5 employee worked at least 400 hours in the taxable year.

6 2. For taxable years beginning after December 31, 2008, but before January 1,  
7 2010, 20 percent of the wages that the claimant paid to an individual who is  
8 participating in a program administered by a local workforce development board in  
9 this state, as established under 29 USC 2832, if the individual worked at least 400  
10 hours in the taxable year.

11 3. For taxable years beginning after December 31, 2009, 20 percent of the wages  
12 that the claimant paid to an adult employee, if the adult employee worked at least  
13 1,560 hours in the taxable year.

14 4. For taxable years beginning after December 31, 2009, 20 percent of the wages  
15 that the claimant paid to an individual who is participating in a program  
16 administered by a local workforce development board in this state, as established  
17 under 29 USC 2832, if the individual worked at least 1,560 hours in the taxable year.

18 5. Fifty percent of the monthly wages paid to a youth employee.

19 (c) *Limitations.* 1. The maximum amount of the credit that a claimant may  
20 claim under par. (b) 1. and 3. in a taxable year shall not exceed an amount equal  
21 \$2,500 for each adult employee described under par. (b) 1. and 3.

22 2. The maximum amount of the credits that may be claimed by all claimants  
23 under par. (b) 1. and 3. and ss. 71.07 (5c) (b) 1. and 3. and 71.47 (5c) (b) 1. and 3. in  
24 a calendar year is \$6,000,000.

*including paid leave x2*

1 3. The maximum amount of the credit that a claimant may claim under par. (b)  
2 2. and 4. in a taxable year shall not exceed an amount equal \$2,000 for each employee  
3 described under par. (b) 2. and 4.

4 4. The maximum amount of the credits that may be claimed by all claimants  
5 under par. (b) 2. and 4. and ss. 71.07 (5c) (b) 2. and 4. and 71.47 (5c) (b) 2. and 4. in  
6 a calendar year is \$3,000,000.

7 5. If an employee described in par. (b) 1. to 4. works for the claimant for less than  
8 365 consecutive days, the amount of any credit that the claimant claimed under this  
9 subsection shall be paid to the department in the manner prescribed by the  
10 department.

11 6. The maximum amount of the credit that a claimant may claim under par. (b)

12 5. in the taxable year for a youth employee who works less than 35 hours a week  
13 during the taxable year shall not exceed an amount equal to \$200 for each youth  
14 employee who works less than 35 hours a week. *month*

15 7. The maximum amount of the credit that a claimant may claim under par. (b)

16 5. in the taxable year for a youth employee who works 35 hours or more a week during  
17 the taxable year shall not exceed an amount equal to \$400 for each youth employee  
18 who works 35 hours or more a week. *month*

19 8. The maximum amount of the credit that a claimant may claim under par. (b)

20 5. in a taxable year shall not exceed an amount equal \$1,200 for each youth employee  
21 described under par. (b) 5.

22 9. The maximum amount of the credits that may be claimed by all claimants  
23 under par. (b) 5. and ss. 71.07 (5c) (b) 5. and 71.47 (5c) (b) 5. in a calendar year is  
24 \$3,000,000.

*x2 multiplied by the number of months that the youth claimant is employed by the claimant*



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

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

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

12           71.30 (3) (dr) Work opportunities credit under s. 71.28 (5c).

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

14           71.34 (1k) (g) An addition shall be made for credits computed by a tax-option  
15 corporation under s. 71.28 (1dd), (1de), (1di), (1dj), (1dL), (1dm), (1ds), (1dx), (3), (3g),  
16 (3h), (3n), (3p), (3t), (3w), (5c), (5e), (5f), (5g), (5h), (5i), (5j), and (5k) and passed  
17 through to shareholders.

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

19           71.45 (2) (a) 10. By adding to federal taxable income the amount of credit  
20 computed under s. 71.47 (1dd) to (1dx), (3h), (3n), (3p), (3w), (5c), (5e), (5f), (5g), (5h),  
21 (5i), (5j), and (5k) and not passed through by a partnership, limited liability company,  
22 or tax-option corporation that has added that amount to the partnership's, limited  
23 liability company's, or tax-option corporation's income under s. 71.21 (4) or 71.34 (1k)  
24 (g) and the amount of credit computed under s. 71.47 (1), (3), (3t), (4), and (5).

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

x2 par affected by 2009  
Illinois Act 27

JOB CS

1 71.47 (5c) WORK OPPORTUNITIES CREDIT. (a) *Definitions*. In this subsection:

2 1. "Adult employee" means any of the following:

3 a. A qualified veteran, as defined in section 51 (d) (3) of the Internal Revenue  
4 Code.

5 b. A qualified ex-felon, as defined in section 51 (d) (4) of the Internal Revenue  
6 Code.

7 c. An individual who is a vocational rehabilitation referral, as defined in section  
8 51 (d) (6) of the Internal Revenue Code.

9 2. "Claimant" means a person who files a claim under this subsection.

10 3. "Youth employee" means an individual who is at least 16 years of age, but  
11 no more than 17 years of age, who is either a high school student or graduates from  
12 high school during the taxable year for which a credit is claimed under this  
13 subsection, and who is a member of a family whose Wisconsin taxable income is no  
14 more than 70 percent of the federal poverty line, as defined under 42 USC 9902 (2),  
15 for a family the size of the individual's family.

16 (b) *Filing claims*. Subject to the limitations provided in this subsection, for  
17 taxable years beginning after December 31, 2008, a claimant may claim as a credit  
18 against the taxes imposed under s. 71.43, up to the amount of the taxes, any of the  
19 following amounts that the claimant paid in the taxable year to an individual whom  
20 the claimant hired in that taxable year, if the individual is employed in this state:

21 1. For taxable years beginning after December 31, 2008, but before January 1,  
22 2010, 20 percent of the wages that the claimant paid to an adult employee, if the adult  
23 employee worked at least 400 hours in the taxable year.

24 2. For taxable years beginning after December 31, 2008, but before January 1,  
25 2010, 20 percent of the wages that the claimant paid to an individual who is

including paid leave

1 participating in a program administered by a local workforce development board in  
2 this state, as established under 29 USC 2832, if the individual worked at least 400  
3 hours in the taxable year.

4 3. For taxable years beginning after December 31, 2009, 20 percent of the wages  
5 that the claimant paid to an adult employee, if the adult employee worked at least  
6 1,560 hours in the taxable year. *including paid leave x3*

7 4. For taxable years beginning after December 31, 2009, 20 percent of the wages  
8 that the claimant paid to an individual who is participating in a program  
9 administered by a local workforce development board in this state, as established  
10 under 29 USC 2832, if the individual worked at least 1,560 hours in the taxable year.

11 5. Fifty percent of the monthly wages paid to a youth employee.

12 (c) *Limitations.* 1. The maximum amount of the credit that a claimant may  
13 claim under par. (b) 1. and 3. in a taxable year shall not exceed an amount equal  
14 \$2,500 for each adult employee described under par. (b) 1. and 3.

15 2. The maximum amount of the credits that may be claimed by all claimants  
16 under par. (b) 1. and 3. and ss. 71.07 (5c) (b) 1. and 3. and 71.28 (5c) (b) 1. and 3. in  
17 a calendar year is \$6,000,000.

18 3. The maximum amount of the credit that a claimant may claim under par. (b)  
19 2. and 4. in a taxable year shall not exceed an amount equal \$2,000 for each employee  
20 described under par. (b) 2. and 4.

21 4. The maximum amount of the credits that may be claimed by all claimants  
22 under par. (b) 2. and 4. and ss. 71.07 (5c) (b) 2. and 4. and 71.28 (5c) (b) 2. and 4. in  
23 a calendar year is \$3,000,000.

24 5. If an employee described in par. (b) 1. to 4. works for the claimant for less than  
25 365 consecutive days, the amount of any credit that the claimant claimed under this

*including paid leave* x2

1 subsection shall be paid to the department in the manner prescribed by the  
2 department.

3 6. The maximum amount of the credit that a claimant may claim under par. (b)

4 5. in the taxable year for a youth employee who works less than 35 hours a week *such*

5 during the taxable year shall not exceed an amount equal to \$200 for each youth *such*

6 employee who works less than 35 hours a week.

7 7. The maximum amount of the credit that a claimant may claim under par. (b)

8 5. in the taxable year for a youth employee who works 35 hours or more a week during

9 the taxable year shall not exceed an amount equal to \$400 for each youth employee *such* *such*

10 who works 35 hours or more a week.

11 8. The maximum amount of the credit that a claimant may claim under par. (b)

12 5. in a taxable year shall not exceed an amount equal \$1,200 for each youth employee

13 described under par. (b) 5.

14 9. The maximum amount of the credits that may be claimed by all claimants

15 under par. (b) 5. and ss. 71.07 (5c) (b) 5. and 71.28 (5c) (b) 5. in a calendar year is

16 \$3,000,000.

17 10. Partnerships, limited liability companies, and tax-option corporations may

18 not claim the credit under this subsection, but the eligibility for, and the amount of,

19 the credit are based on their payment of amounts under par. (b). A partnership,

20 limited liability company, or tax-option corporation shall compute the amount of

21 credit that each of its partners, members, or shareholders may claim and shall

22 provide that information to each of them. Partners, members of limited liability

23 companies, and shareholders of tax-option corporations may claim the credit in

24 proportion to their ownership interests.

x2 *multiplied by the number of months that the youth employee is employed by the claimant*

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

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

4 71.49 (1) (cr) Work opportunities credit under s. 71.47 (5c).

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

6 77.92 (4) "Net business income," with respect to a partnership, means taxable  
7 income as calculated under section 703 of the Internal Revenue Code; plus the items  
8 of income and gain under section 702 of the Internal Revenue Code, including taxable  
9 state and municipal bond interest and excluding nontaxable interest income or  
10 dividend income from federal government obligations; minus the items of loss and  
11 deduction under section 702 of the Internal Revenue Code, except items that are not  
12 deductible under s. 71.21; plus guaranteed payments to partners under section 707  
13 (c) of the Internal Revenue Code; plus the credits claimed under s. 71.07 (2dd), (2de),  
14 (2di), (2dj), (2dL), (2dm), (2dr), (2ds), (2dx), (3g), (3h), (3s), (3n), (3p), (3t), (3w), (5c),  
15 (5e), (5f), (5g), (5h), (5i), (5j), and (5k); and plus or minus, as appropriate, transitional  
16 adjustments, depreciation differences, and basis differences under s. 71.05 (13), (15),  
17 (16), (17), and (19); but excluding income, gain, loss, and deductions from farming.  
18 "Net business income," with respect to a natural person, estate, or trust, means profit  
19 from a trade or business for federal income tax purposes and includes net income  
20 derived as an employee as defined in section 3121 (d) (3) of the Internal Revenue  
21 Code.

not affected by  
Wisconsin  
2009 Wisconsin  
act 2

(2dy)

(END)

(3n) (3s)

**Barman, Mike**

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**From:** Kreye, Joseph  
**Sent:** Monday, March 02, 2009 2:00 PM  
**To:** Barman, Mike  
**Subject:** Fiscal estimate

Hi Mike,

Rep. Fields would like to request a fiscal estimate for LRB 1694/1. Thanks.

Joe

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

**Parisi, Lori**

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**From:** Palmer-Rehorst, Corey  
**Sent:** Wednesday, April 08, 2009 11:31 AM  
**To:** LRB.Legal  
**Subject:** Draft Review: LRB 09-1694/1 Topic: Tax credit for hiring certain individuals

Please Jacket LRB 09-1694/1 for the ASSEMBLY.

# Memo

To: Representative **Fields**

(The Draft's Requester)

**Per your request ... the attached fiscal estimate was prepared for your un-introduced 2009 session draft.**

**LRB Number: 2009 LRB-1694**

**Version: “/1”**

**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: 04 / 02 / 2009**

**\* \* \* \* \***

**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**

AB 234



## Barman, Mike

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**From:** Barman, Mike  
**Sent:** Thursday, April 02, 2009 3:02 PM  
**To:** Rep.Fields  
**Subject:** LRB 09-1694/1 (un-introduced) (FE by DOR - attached - for your review)

**Attachments:** FE\_Fields.PDF



FE\_Fields.PDF (577  
KB)

**Mike Barman (Senior Program Assistant)**  
State of Wisconsin - Legislative Reference Bureau  
Legal Section - Front Office  
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(608) 266-3561 / [mike.barman@legis.wisconsin.gov](mailto:mike.barman@legis.wisconsin.gov)