

**2009 DRAFTING REQUEST**

**Bill**

Received: **02/24/2010**

Received By: **jkreye**

Wanted: **As time permits**

Identical to LRB:

For: **Garey Bies (608) 266-5350**

By/Representing: **andrew**

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.Bies@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 shipbuilding

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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>
/P1	jkreye 02/24/2010	bkraft 02/25/2010	jfrantze 02/26/2010	_____	sbasford 02/26/2010		State
/1	jkreye 03/01/2010	nmatzke 03/01/2010	jfrantze 03/01/2010	_____	mbarman 03/01/2010	mbarman 03/01/2010	State

FE Sent For:

<END>

at  
intro

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*Please jacket slash!*  
*JK*

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No specific pre topic given

**Topic:**

Tax credit for shipbuilding

**Instructions:**

See attached

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<u>Vers.</u>	<u>Drafted</u>	<u>Reviewed</u>	<u>Typed</u>	<u>Proofed</u>	<u>Submitted</u>	<u>Jacketed</u>	<u>Required</u>
/P1	jkreye 02/24/2010	bkraft 02/25/2010	jfrantze 02/26/2010	_____	sbasford 02/26/2010		State

*1 nwn  
3/1*  
*JK 3/1*

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Tax credit for shipbuilding


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See attached

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/P1	jkreye	/P1 bjk <sup>2</sup> /25		<u>2/24</u>			

FE Sent For:

<END>

Andrew

Gary Pies

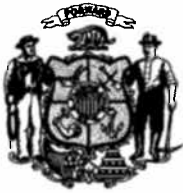
2-24-10

Highlander (big building business)

payroll tax credit (payroll in the state)

10% payroll exempt

(30% for new employees)



**PRELIMINARY DRAFT - NOT READY FOR INTRODUCTION**

SA  
X-ref

in wled 2-24

D-N

SOON

gen.

1 AN ACT ...; **relating to:** an income and franchise tax credit for shipbuilding.

***Analysis by the Legislative Reference Bureau***

Under this bill, a person may claim an income and franchise tax credit equal to 10 percent of the person's payroll that is paid to employees engaged in shipbuilding in this state, except that the person may claim an amount equal to 30 percent of the person's payroll paid to new employees engaged in shipbuilding in this state.

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:***

2 SECTION 1. 71.05 (6) (a) 15. of the statutes, as affected by 2009 Wisconsin Act  
3 28, is amended to read:

4 71.05 (6) (a) 15. The amount of the credits computed under s. 71.07 (2dd), (2de),  
5 (2di), (2dj), (2dL), (2dm), (2dr), (2ds), (2dx), (2dy), (3g), (3h), (3n), (3p), (3q), (3r), (3s),  
6 (3t), (3w), (5e), (5f), (5h), (5i), (5j), (5k), (5n), and (8r) and not passed through by a  
7 partnership, limited liability company, or tax-option corporation that has added that

1 amount to the partnership's, company's, or tax-option corporation's income under s.  
2 71.21 (4) or 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; 2009 a. 2, 28.

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

4 **71.07 (5n) SHIPBUILDING CREDIT.** (a) *Definitions.* In this subsection, "claimant"  
5 means a person who files a claim under this subsection.

6 (b) *Filing claims.* Subject to the limitations provided in this subsection, a  
7 claimant may claim as a credit against the tax imposed under s. 71.02, up to the  
8 amount of the tax, an amount equal to 10 percent of the claimant's payroll in the  
9 taxable year for the claimant's employees who are engaged in the business of  
10 building ships in this state, except that the claimant may claim an amount equal to  
11 30 percent of the claimant's payroll in the taxable year for the claimant's employees  
12 who are engaged in the business of building ships in this state and who are hired in  
13 the taxable year for which the claim relates.

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

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

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

1           71.10 (4) (cd) Shipbuilding credit under s. 71.07 (5n).

2           **SECTION 4.** 71.21 (4) of the statutes, as affected by 2009 Wisconsin Act 28, is  
3 amended to read:

4           71.21 (4) Credits computed by a partnership under s. 71.07 (2dd), (2de), (2di),  
5 (2dj), (2dL), (2dm), (2ds), (2dx), (2dy), (3g), (3h), (3n), (3p), (3q), (3r), (3s), (3t), (3w),  
6 (5e), (5f), (5g), (5h), (5i), (5j), (5k), (5n), and (8r) and passed through to partners shall  
7 be added to the 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; 2009 a. 2, 28.

8           **SECTION 5.** 71.26 (2) (a) 4. of the statutes, as affected by 2009 Wisconsin Act 28,  
9 is amended to read:

10           71.26 (2) (a) 4. Plus the amount of the credit computed under s. 71.28 (1dd),  
11 (1de), (1di), (1dj), (1dL), (1dm), (1ds), (1dx), (1dy), (3g), (3h), (3n), (3p), (3q), (3r), (3t),  
12 (3w), (5e), (5f), (5g), (5h), (5i), (5j), (5k), (5n), and (8r) and not passed through by a  
13 partnership, limited liability company, or tax-option corporation that has added that  
14 amount to the partnership's, limited liability company's, or tax-option corporation's  
15 income 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; 2009 a. 2, 28.

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

17           71.28 (5n) SHIPBUILDING CREDIT. (a) *Definitions.* In this subsection, "claimant"  
18 means a person who files a claim under this subsection.

19           (b) *Filing claims.* Subject to the limitations provided in this subsection, a  
20 claimant may claim as a credit against the tax imposed under s. 71.23, up to the  
21 amount of the tax, an amount equal to 10 percent of the claimant's payroll in the  
22 taxable year for the claimant's employees who are engaged in the business of  
23 building ships in this state, except that the claimant may claim an amount equal to



1 30 percent of the claimant's payroll in the taxable year for the claimant's employees  
2 who are engaged in the business of building ships in this state and who are hired in  
3 the taxable year for which the claim relates.

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

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

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

15 71.30 (3) (cd) Shipbuilding credit under s. 71.28 (5n).

16 **SECTION 8.** 71.34 (1k) (g) of the statutes, as affected by 2009 Wisconsin Act 28,  
17 is amended to read:

18 71.34 (1k) (g) An addition shall be made for credits computed by a tax-option  
19 corporation under s. 71.28 (1dd), (1de), (1di), (1dj), (1dL), (1dm), (1ds), (1dx), (1dy),  
20 (3), (3g), (3h), (3n), (3p), (3q), (3r), (3t), (3w), (5e), (5f), (5g), (5h), (5i), (5j), (5k), (5n),  
21 and (8r) and passed 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; 2009 a. 2, 28.

22 **SECTION 9.** 71.45 (2) (a) 10. of the statutes, as affected by 2009 Wisconsin Act

23 28, is amended to read:

1           71.45 (2) (a) 10. By adding to federal taxable income the amount of credit  
2       computed under s. 71.47 (1dd) to (1dy), (3g), (3h), (3n), (3p), (3q), (3r), (3w), (5e), (5f),  
3       (5g), (5h), (5i), (5j), (5k), (5n), and (8r) and not passed through by a partnership,  
4       limited liability company, or tax-option corporation that has added that amount to  
5       the partnership's, limited liability company's, or tax-option corporation's income  
6       under s. 71.21 (4) or 71.34 (1k) (g) and the amount of credit computed under s. 71.47  
7       (1), (3), (3t), (4), (4m), 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, 85, 99, 135, 255, 326; 2005 a. 74, 297, 335, 361, 479, 483; 2007 a. 20, 96, 226; 2009 a. 2, 28.

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

9           71.47 (5n) SHIPBUILDING CREDIT. (a) *Definitions.* In this subsection, "claimant"  
10       means a person who files a claim under this subsection.

11           (b) *Filing claims.* Subject to the limitations provided in this subsection, a  
12       claimant may claim as a credit against the tax imposed under s. 71.43, up to the  
13       amount of the tax, an amount equal to 10 percent of the claimant's payroll in the  
14       taxable year for the claimant's employees who are engaged in the business of  
15       building ships in this state, except that the claimant may claim an amount equal to  
16       30 percent of the claimant's payroll in the taxable year for the claimant's employees  
17       who are engaged in the business of building ships in this state and who are hired in  
18       the taxable year for which the claim relates.

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

1 liability companies, and shareholders of tax-option corporations may claim the  
2 credit in proportion to their ownership interests.

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

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

6 71.49 (1) (cd) Shipbuilding credit under s. 71.47 (5n).

7 **SECTION 12.** 77.92 (4) of the statutes, as affected by 2009 Wisconsin Act 28, is  
8 amended to read:

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

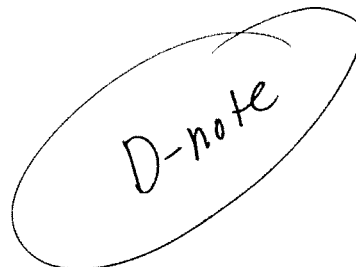
1 purposes and includes net income derived as an employee as defined in section 3121  
2 (d) (3) of the Internal Revenue Code.

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; 2009 a. 2, 28.

3 **SECTION 13. Initial applicability.**

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

8 (END)



D-note

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

LRB-4417/P1dn

JK:.....

Lbjk

Date

Representative Bies:

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

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

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

LRB-4417/P1dn  
JK:bjk:jf

February 26, 2010

Representative Bies:

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

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



State of Wisconsin  
2009 - 2010 LEGISLATURE

LRB-4417/PI

JK:bjk:jf

RMR

**PRELIMINARY DRAFT - NOT READY FOR INTRODUCTION**

in 3-1-10

*Twoley*

SA ✓

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 (5n), 71.10 (4) (cd), 71.28 (5n), 71.30  
3 (3) (cd), 71.47 (5n) and 71.49 (1) (cd) of the statutes; **relating to:** an income and  
4 franchise tax credit for shipbuilding.

***Analysis by the Legislative Reference Bureau***

Under this bill, a person may claim an income and franchise tax credit equal to 10 percent of the person's payroll that is paid to employees engaged in shipbuilding in this state, except that the person may claim an amount equal to 30 percent of the person's payroll paid to new employees engaged in shipbuilding in this state.

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:***

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6 28, is amended to read:

7 71.05 (6) (a) 15. The amount of the credits computed under s. 71.07 (2dd), (2de),  
8 (2di), (2dj), (2dL), (2dm), (2dr), (2ds), (2dx), (2dy), (3g), (3h), (3n), (3p), (3q), (3r), (3s),

1 (3t), (3w), (5e), (5f), (5h), (5i), (5j), (5k), (5n), and (8r) and not passed through by a  
2 partnership, limited liability company, or tax-option corporation that has added that  
3 amount to the partnership's, company's, or tax-option corporation's income under s.  
4 71.21 (4) or 71.34 (1k) (g).

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

6 71.07 **(5n)** SHIPBUILDING CREDIT. (a) *Definitions.* In this subsection, "claimant"  
7 means a person who files a claim under this subsection.

8 (b) *Filing claims.* Subject to the limitations provided in this subsection, a  
9 claimant may claim as a credit against the tax imposed under s. 71.02, up to the  
10 amount of the tax, an amount equal to 10 percent of the claimant's payroll in the  
11 taxable year for the claimant's employees who are engaged in the business of  
12 building ships in this state, except that the claimant may claim an amount equal to  
13 30 percent of the claimant's payroll in the taxable year for the claimant's employees  
14 who are engaged in the business of building ships in this state and who are hired in  
15 the taxable year for which the claim relates.

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

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



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

2           71.10 (4) (cd) Shipbuilding credit under s. 71.07 (5n).

3           **SECTION 4.** 71.21 (4) of the statutes, as affected by 2009 Wisconsin Act 28, is  
4 amended to read:

5           71.21 (4) Credits computed by a partnership under s. 71.07 (2dd), (2de), (2di),  
6 (2dj), (2dL), (2dm), (2ds), (2dx), (2dy), (3g), (3h), (3n), (3p), (3q), (3r), (3s), (3t), (3w),  
7 (5e), (5f), (5g), (5h), (5i), (5j), (5k), (5n), and (8r) and passed through to partners shall  
8 be added to the partnership's income.

9           **SECTION 5.** 71.26 (2) (a) 4. of the statutes, as affected by 2009 Wisconsin Act 28,  
10 is amended to read:

11           71.26 (2) (a) 4. Plus the amount of the credit computed under s. 71.28 (1dd),  
12 (1de), (1di), (1dj), (1dL), (1dm), (1ds), (1dx), (1dy), (3g), (3h), (3n), (3p), (3q), (3r), (3t),  
13 (3w), (5e), (5f), (5g), (5h), (5i), (5j), (5k), (5n), and (8r) and not passed through by a  
14 partnership, limited liability company, or tax-option corporation that has added that  
15 amount to the partnership's, limited liability company's, or tax-option corporation's  
16 income under s. 71.21 (4) or 71.34 (1k) (g).

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

18           71.28 (5n) SHIPBUILDING CREDIT. (a) *Definitions.* In this subsection, "claimant"  
19 means a person who files a claim under this subsection.

20           (b) *Filing claims.* Subject to the limitations provided in this subsection, a  
21 claimant may claim as a credit against the tax imposed under s. 71.23, up to the  
22 amount of the tax, an amount equal to 10 percent of the claimant's payroll in the  
23 taxable year for the claimant's employees who are engaged in the business of  
24 building ships in this state, except that the claimant may claim an amount equal to  
25 30 percent of the claimant's payroll in the taxable year for the claimant's employees

1 who are engaged in the business of building ships in this state and who are hired in  
2 the taxable year for which the claim relates.

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

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

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

14 71.30 (3) (cd) Shipbuilding credit under s. 71.28 (5n).

15 **SECTION 8.** 71.34 (1k) (g) of the statutes, as affected by 2009 Wisconsin Act 28,  
16 is amended to read:

17 71.34 (1k) (g) An addition shall be made for credits computed by a tax-option  
18 corporation under s. 71.28 (1dd), (1de), (1di), (1dj), (1dL), (1dm), (1ds), (1dx), (1dy),  
19 (3), (3g), (3h), (3n), (3p), (3q), (3r), (3t), (3w), (5e), (5f), (5g), (5h), (5i), (5j), (5k), (5n),  
20 and (8r) and passed through to shareholders.

21 **SECTION 9.** 71.45 (2) (a) 10. of the statutes, as affected by 2009 Wisconsin Act  
22 28, is amended to read:

23 71.45 (2) (a) 10. By adding to federal taxable income the amount of credit  
24 computed under s. 71.47 (1dd) to (1dy), (3g), (3h), (3n), (3p), (3q), (3r), (3w), (5e), (5f),  
25 (5g), (5h), (5i), (5j), (5k), (5n), and (8r) and not passed through by a partnership,

1 limited liability company, or tax-option corporation that has added that amount to  
2 the partnership's, limited liability company's, or tax-option corporation's income  
3 under s. 71.21 (4) or 71.34 (1k) (g) and the amount of credit computed under s. 71.47  
4 (1), (3), (3t), (4), (4m), and (5).

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

6 71.47 (5n) SHIPBUILDING CREDIT. (a) *Definitions.* In this subsection, "claimant"  
7 means a person who files a claim under this subsection.

8 (b) *Filing claims.* Subject to the limitations provided in this subsection, a  
9 claimant may claim as a credit against the tax imposed under s. 71.43, up to the  
10 amount of the tax, an amount equal to 10 percent of the claimant's payroll in the  
11 taxable year for the claimant's employees who are engaged in the business of  
12 building ships in this state, except that the claimant may claim an amount equal to  
13 30 percent of the claimant's payroll in the taxable year for the claimant's employees  
14 who are engaged in the business of building ships in this state and who are hired in  
15 the taxable year for which the claim relates.

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

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

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

2           71.49 (1) (cd) Shipbuilding credit under s. 71.47 (5n).

3           **SECTION 12.** 77.92 (4) of the statutes, as affected by 2009 Wisconsin Act 28, is  
4 amended to read:

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

21           **SECTION 13. Initial applicability.**

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

1 July 31 this act first applies to taxable years beginning on January 1 of the year  
2 following the year in which this subsection takes effect.

3 (END)