

2011 Jr1 DRAFTING REQUEST

Senate Substitute Amendment (SSA-SB7)

Received: **01/19/2011**

Received By: **jkreye**

Wanted: **As time permits**

Companion to LRB:

For: **Legislative Fiscal Bureau**

By/Representing: **ron shanovich**

May Contact:

Drafter: **jkreye**

Subject: **Tax, Business - crp inc, fran**

Addl. Drafters:

Extra Copies:

Submit via email: **YES**

Requester's email: **ron.shanovich@legis.wisconsin.gov**

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

Pre Topic:

No specific pre topic given

Topic:

Job creation income and franchise tax deduction

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>
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FE Sent For:

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/?	jkreye	1/19 jld	1/19 PH	1/19 PH			

FE Sent For:

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State of Wisconsin
2011 - 2012 LEGISLATURE
January 2011 Special Session



50017/1

LRBs0015/1
JK:nwn&wlj:ph

Keep

ASSEMBLY SUBSTITUTE AMENDMENT,
TO ASSEMBLY BILL 7
Senate

in Wed 1-18
NOW

✓ Regen

1 AN ACT *to create* 71.05 (6) (b) 47., 71.26 (1) (h) and 71.45 (1) (c) of the statutes;
2 relating to: a job creation income and franchise tax deduction.

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

3 SECTION 1. 71.05 (6) (b) 47. of the statutes is created to read:

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7 subdivision if the person may claim a credit under this subchapter based on the
8 person relocating the person's business from another state to this state and in an
9 amount equal to the person's tax liability.

10 **SECTION 2.** 71.26 (1) (h) of the statutes is created to read:

11 71.26 (1) (h) An amount equal to the increase in the number of full-time
12 equivalent employees employed by the taxpayer in this state during the taxable year,
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18 paragraph if the person may claim a credit under this subchapter based on the
19 person relocating the person's business from another state to this state and in an
20 amount equal to the person's tax liability.

21 **SECTION 4. Nonstatutory provisions.**

22 (1) REQUIRED GENERAL FUND BALANCE. Section 20.003 (4) of the statutes does not
23 apply to the action of the legislature in enacting this act.

24 **SECTION 5. Initial applicability.**

1 (1) This act first applies to taxable years beginning on January 1, 2011.

2 (END)

Champagne, Rick

From: Reinhardt, Rob
Sent: Thursday, January 20, 2011 8:33 AM
To: Champagne, Rick
Subject: FW: AB 7 and PEO's

From: Koskinen, John B - DOR [mailto:John.Koskinen@revenue.wi.gov]
Sent: Wednesday, January 19, 2011 4:48 PM
To: Reinhardt, Rob
Subject: FW: AB 7 and PEO's

Can you get the appropriate technical drafted to amend this along the lines Lili Crane suggests?

What else would you need from us?

From: Crane, Lili B - DOR
Sent: Wednesday, January 19, 2011 4:45 PM
To: Crane, Lili B - DOR; Hardt, Diane L - DOR; Hanson, Jeffrey W - DOR; Stock, Marcella L - DOR
Cc: Koskinen, John B - DOR; Boldt, Rebecca A - DOR; Oakleaf, Michael P - DOR
Subject: RE: AB 7 and PEO's

OK, I forgot to say I told Ron that the language should include "taxpayer's quarterly unemployment insurance reports or other information as required by DOR (or DWD)" or words to that effect on page 2, lines 5, 23, and page 3, lines 13, 16. And then, also "The department shall promulgate rules to administer this subsection"

From: Crane, Lili B - DOR
Sent: Wednesday, January 19, 2011 4:33 PM
To: Hardt, Diane L - DOR; Hanson, Jeffrey W - DOR; Stock, Marcella L - DOR
Cc: Koskinen, John B - DOR; Boldt, Rebecca A - DOR; Oakleaf, Michael P - DOR
Subject: RE: AB 7 and PEO's

I spoke to Ron Shanovich about this issue. DOR would need informational reporting from the PEO to determine which employees of the PEO were providing services to the client employer. s. 461.04(4) requires the PEO to provide any employment information requested and reasonably required by the agency . . . that is necessary to support a claim . . . The authority to promulgate Rules would be needed in order for DOR to say what reasonable documentation the PEO would need to provide

From: Hardt, Diane L - DOR
Sent: Wednesday, January 19, 2011 4:19 PM
To: Crane, Lili B - DOR; Hanson, Jeffrey W - DOR; Stock, Marcella L - DOR
Subject: FW: AB 7 and PEO's

Where are we on this?

From: Koskinen, John B - DOR
Sent: Wednesday, January 19, 2011 3:52 PM
To: Boldt, Rebecca A - DOR; Hardt, Diane L - DOR

Subject: FW: AB 7 and PEO's

The relevant part of this string is at the very bottom.

From: Reinhardt, Rob [mailto:Rob.Reinhardt@legis.wisconsin.gov]
Sent: Wednesday, January 19, 2011 3:43 PM
To: Koskinen, John B - DOR
Subject: FW: AB 7 and PEO's

John,

Here's the original email regarding the PEOs.

From: Toftness, Jennifer
Sent: Wednesday, January 19, 2011 2:39 PM
To: Reinhardt, Rob; Kreye, Joseph; Shanovich, Ron
Subject: RE: AB 7 and PEO's

Ok, sounds good. Unless I hear different, I am right now working on the assumption that everything is still fine and the draft is fine. Do you think we will have a copy of this by the end of the day?

Jenny

From: Reinhardt, Rob
Sent: Wednesday, January 19, 2011 10:08 AM
To: Toftness, Jennifer
Subject: RE: AB 7 and PEO's

Jenny,

I looked at this further, and as Mr. Newcomer mentions, there is a statute in Chapter 461 that specifically states that employees of PEOs are considered to be employed by the client for purposes of tax credits and other benefits based on providing employment. So I think that policy is well established and the question is whether the draft works properly. Joe thinks it's ok, and we're still working with DOR to see if language needs to be added.

From: Toftness, Jennifer
Sent: Wednesday, January 19, 2011 8:50 AM
To: Reinhardt, Rob; Kreye, Joseph; Shanovich, Ron
Subject: FW: AB 7 and PEO's

Rob, Ron and Joe,

The email below is from someone who represents the professional employment organizations. Can you take a look at his concern and let me know if there is a problem with our amendment as drafted?

Thanks,

Jenny

From: Scott Newcomer [mailto:scottanewcomer@aol.com]
Sent: Tuesday, January 18, 2011 5:17 PM
To: Toftness, Jennifer
Subject: AB 7 and PEO's

1/20/2011

Hi Jenny,

Thank you for helping me out with this on such short notice.

There is language in the WI PEO statute (Chapter 461) that is intended to ensure that PEO clients remain eligible for such tax credits and economic development incentives. Section 461.04(4). The problem potentially created by AB 7 is - that to claim the credit (it is actually a deduction) the DOR will rely on "taxpayer's unemployment insurance report" to determine if there have been new hires. In the PEO relationship, that unemployment insurance report will be filed by the PEO with the PEO's state unemployment insurance account number - not the client's. This could make it difficult for a PEO client to provide the documentation required to obtain a credit for which it would otherwise be eligible to claim.

What the PEO's and small businesses of Wisconsin would like to see is general language that states that the DOR shall issue rules/procedures defining the documentation a client of a PEO can provide (i.e., certified report from the PEO listing full-time equivalent employees on which SUI was reported for the client) in order for the client to claim the credit.

Thank you very much for your time and consideration in this matter.

Sincerely,

Scott Newcomer
Capitol Management, Inc.
4600 American Parkway, Ste. 208
Madison, WI 53718
Office: 608-242-8878
Cell: 262-389-5050

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State of Wisconsin
2011 - 2012 LEGISLATURE
January 2011 Special Session



LRBs00171
JK:nwn&wl:ph

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EJS

SENATE SUBSTITUTE AMENDMENT,
TO SENATE BILL 7

Ger Cat

and granting
rule-making
authority

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Other information as required by the department

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