

2011 DRAFTING REQUEST

Senate Amendment (SA-SB550)

Received: **03/13/2012**

Received By: **jkreye**

Wanted: **Today**

Companion to LRB:

For: **Julie Lassa (608) 266-3123**

By/Representing: **mark**

May Contact:

Drafter: **jkreye**

Subject: **Tax, Business - credits**

Addl. Drafters:

Extra Copies:

Submit via email: **YES**

Requester's email: **Sen.Lassa@legis.wisconsin.gov**

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

Pre Topic:

No specific pre topic given

Topic:

Tax credit for hiring unemployed disabled veterans

Instructions:

See attached

Drafting History:

| <u>Vers.</u> | <u>Drafted</u> | <u>Reviewed</u> | <u>Typed</u> | <u>Proofed</u> | <u>Submitted</u> | <u>Jacketed</u> | <u>Required</u> |
|--------------|----------------------|------------------------|------------------------|----------------|------------------------|------------------------|-----------------|
| /? | jkreye 03/13/2012 | kfollett 03/13/2012 | | _____ | | | |
| /1 | | | rschluet 03/13/2012 | _____ | sbasford 03/13/2012 | sbasford 03/13/2012 | |

FE Sent For:

<END>

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|----|--------|--------------|---|-------|-------|--|--|
| /? | jkreye | 1/15 3/13 |  | _____ | _____ | | |
|----|--------|--------------|---|-------|-------|--|--|

FE Sent For:

<END>

Kreye, Joseph

From: Knickelbine, Mark
Sent: Tuesday, March 13, 2012 9:32 AM
To: Kreye, Joseph
Subject: Rush Amendment Request

Importance: High

Joe –

I need SB 369 (LRB-3631/1) drafted as a simple amendment to SB 550 (LRB-4229/1). We will need this for floor introduction this afternoon. Let me know if you have any questions. Thanks!

Mark Knickelbine
Office of State Senator Julie Lassa
(608) 266-3123



JK: wj/sld
RM wtr k

PRELIMINARY DRAFT - NOT READY FOR INTRODUCTION
SENATE AMENDMENT,
TO 2011 SENATE BILL 550

NOW 3-13

1
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9
10

At the locations indicated, amend the bill as follows:

1. Page 1, line 5: delete "spouses and" and substitute "spouses,".

2. Page 1, line 6: after "state" insert "??". *Insert A*

3. Page 3, line 1: before that line insert: *Insert B*

4. Page 3, line 1: delete "SECTION 1" and substitute "SECTION 1p".

5. Page 6, line 7: after that line insert: *Insert C*

6. Page 6, line 9: delete "This act" and substitute "The treatment of sections
321.60 (1) (c), (2), (2m), (3) (intro.), (a), (b), and (c), (4), and (5) and 440.09 of the
statutes".

(END)



2011 SENATE BILL 369

Amend
A, B, & C

January 9, 2012 – Introduced by Senators LASSA, SCHULTZ, CARPENTER, T. CULLEN, TAYLOR, S. COGGS, HANSEN and C. LARSON, cosponsored by Representatives WYNN, SPANBAUER, JACQUE, TRANEL, KNILANS, BERCEAU, KAUFERT, FIELDS, BROOKS, C. TAYLOR, SINICKI, TURNER and ENDSLEY. Referred to Committee on Economic Development and Veterans and Military Affairs.

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 (6n), 71.10 (4) (cq), 71.28 (6n), 71.30
3 (3) (dp), 71.47 (6n) and 71.49 (1) (dp) of the statutes; *and* relating to an income and
4 franchise tax credit for hiring unemployed disabled veterans. *Amend A*

Analysis by the Legislative Reference Bureau

This bill creates an income and franchise tax credit for hiring unemployed veterans. Under the bill, a taxpayer may claim the following amounts as credits:

1. For each disabled veteran the taxpayer hires in the taxable year to work a full-time job in this state, \$4,000 in the taxable year in which the disabled veteran is hired and \$2,000 in each of the three taxable years following the taxable year in which the disabled veteran is hired.

2. For each disabled veteran the taxpayer hires in the taxable year to work a part-time job in this state, \$2,000 in the taxable year in which the disabled veteran is hired and \$1,000 in each of the three taxable years following the taxable year in which the disabled veteran is hired.

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:

SENATE BILL 369

Insert B

1b B

1 SECTION 1. 71.05 (6) (a) 15. of the statutes, as affected by 2011 Wisconsin Act

2 32. is amended to read:

and s. 71.05 (6) (a) 15. (Senate Bill 260)

Except as provided under s. 71.07(3p)(c) 5., the

3 71.05 (6) (a) 15. The amount of the credits computed under s. 71.07 (2dd), (2de),
4 (2di), (2dj), (2dL), (2dm), (2dr), (2ds), (2dx), (2dy), (3g), (3h), (3n), (3p), (3q), (3r),
5 (3rm), (3rn), (3s), (3t), (3w), (5e), (5f), (5h), (5i), (5j), (5k), (5n), (5r), (5rm), (6n), and
6 (8r) and not passed through by a partnership, limited liability company, or
7 tax-option corporation that has added that amount to the partnership's, company's,
8 or tax-option corporation's income under s. 71.21 (4) or 71.34 (1k) (g).

9 SECTION 2. 71.07 (6n) of the statutes is created to read:

10 71.07 (6n) VETERAN EMPLOYMENT CREDIT. (a) Definitions. In this subsection:

11 1. "Claimant" means a person who files a claim under this subsection.

12 2. "Disabled veteran" means a veteran who is verified by the department of
13 veteran affairs to have a service-connected disability rating of at least 50 percent
14 under 38 USC 1114 or 1134.

15 3. "Full-time job" means a regular, nonseasonal full-time position in which an
16 individual, as a condition of employment, is required to work at least 2,080 hours per
17 year, including paid leave and holidays.

18 4. "Part-time job" means a regular, nonseasonal part-time position in which
19 an individual, as a condition of employment, is required to work fewer than 2,080
20 hours per year, including paid leave and holidays.

21 5. "Veteran" means a person who is verified by the department of veteran
22 affairs to have served on active duty under honorable conditions in the U.S. armed
23 forces, in forces incorporated as part of the U.S. armed forces, in the national guard,
24 or in a reserve component of the U.S. armed forces.



**SENATE BILL 369**

1 (b) *Filing claims.* Subject to the limitations provided in this subsection, for
2 taxable years beginning after December 31, 2011, a claimant may claim as a credit
3 against the tax imposed under s. 71.02, up to the amount of the tax, an amount equal
4 to any of the following:


5 1. Subject to par. (c) 4., for each disabled veteran the claimant hires in the
6 taxable year to work a full-time job at the claimant's business in this state, \$4,000
7 in the taxable year in which the disabled veteran is hired and \$2,000 in each of the
8 3 taxable years following the taxable year in which the disabled veteran is hired.

9 2. Subject to par. (c) 4., for each disabled veteran the claimant hires in the
10 taxable year to work a part-time job at the claimant's business in this state, \$2,000
11 in the taxable year in which the disabled veteran is hired and \$1,000 in each of the
12 3 taxable years following the taxable year in which the disabled veteran is hired.

13 (c) *Limitations.* 1. Partnerships, limited liability companies, and tax-option
14 corporations may not claim the credit under this subsection, but the eligibility for,
15 and the amount of, the credit are based on their hiring of disabled veterans, as
16 described under par. (b). A partnership, limited liability company, or tax-option
17 corporation shall compute the amount of credit that each of its partners, members,
18 or shareholders may claim and shall provide that information to each of them.
19 Partners, members of limited liability companies, and shareholders of tax-option
20 corporations may claim the credit in proportion to their ownership interests.

21 2. No credit may be claimed under this subsection in any taxable year in which
22 the disabled veteran voluntarily or involuntarily leaves his or her employment with
23 the claimant.

24 3. A claimant may claim a credit under this subsection only for hiring a disabled
25 veteran who has received unemployment compensation benefits for at least one week



3
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1 prior to being hired by the claimant and who was eligible to receive such benefits at
 2 the time the benefits were paid.

3 4. With regard to a credit claimed under par. (b) 2., the amount that the
 4 claimant may claim is determined as follows:

5 a. Divide the number of hours that the disabled veteran worked for the
 6 claimant during the taxable year by 2,080.

7 b. Multiply the amount of the credit under par. (b) 2., as appropriate, by the
 8 number determined under subd. 4. a.

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) (cq) of the statutes is created to read: ✓

12 71.10 (4) (cq) Veteran employment credit under s. 71.07 (6n).

13 **SECTION 4.** 71.21 (4) of the statutes, as affected by 2011 Wisconsin Act 32, is ✓
 14 amended to read:

15 71.21 (4) Credits computed by a partnership under s. 71.07 (2dd), (2de), (2di),
 16 (2dj), (2dL), (2dm), (2ds), (2dx), (2dy), (3g), (3h), (3n), (3p), (3q), (3r), (3rm), (3rn), (3s),
 17 (3t), (3w), (5e), (5f), (5g), (5h), (5i), (5j), (5k), (5n), (5r), (5rm), (6n), and (8r) and passed
 18 through to partners shall be added to the partnership's income.

19 **SECTION 5.** 71.26 (2) (a) 4. of the statutes, as affected by 2011 Wisconsin Act 32, ✓
 20 is amended to read:

21 71.26 (2) (a) 4. Plus the amount of the credit computed under s. 71.28 (1dd),
 22 (1de), (1di), (1dj), (1dL), (1dm), (1ds), (1dx), (1dy), (3g), (3h), (3n), (3p), (3q), (3r),
 23 (3rm), (3rn), (3t), (3w), (5e), (5f), (5g), (5h), (5i), (5j), (5k), (5n), (5r), (5rm), (6n), (8r),
 24 and (9s) and not passed through by a partnership, limited liability company, or
 25 tax-option corporation that has added that amount to the partnership's, limited



SENATE BILL 369

liability company's, or tax-option corporation's income under s. 71.21 (4) or 71.34 (1k)

(g).

1g B

✓

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

71.28 (6n) VETERAN EMPLOYMENT CREDIT. (a) *Definitions.* In this subsection:

1. "Claimant" means a veteran who files a claim under this subsection.

2. "Disabled veteran" means a veteran who is verified by the department of veteran affairs to have a service-connected disability rating of at least 50 percent under 38 USC 1114 or 1134.

3. "Full-time job" means a regular, nonseasonal full-time position in which an individual, as a condition of employment, is required to work at least 2,080 hours per year, including paid leave and holidays.

4. "Part-time job" means a regular, nonseasonal part-time position in which an individual, as a condition of employment, is required to work fewer than 2,080 hours per year, including paid leave and holidays.

5. "Veteran" means a person who is verified by the department of veteran affairs to have served on active duty under honorable conditions in the U.S. armed forces, in forces incorporated as part of the U.S. armed forces, in the national guard, or in a reserve component of the U.S. armed forces.

(b) *Filing claims.* Subject to the limitations provided in this subsection, for taxable years beginning after December 31, 2011, a claimant may claim as a credit against the tax imposed under s. 71.23, up to the amount of the tax, an amount equal to any of the following:

1. For each disabled veteran the claimant hires in the taxable year to work a full-time job at the claimant's business in this state, \$4,000 in the taxable year in



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B

1 which the disabled veteran is hired and \$2,000 in each of the 3 taxable years
2 following the taxable year in which the disabled veteran is hired.

3 2. Subject to par. (c) 4., for each disabled veteran the claimant hires in the
4 taxable year to work a part-time job at the claimant's business in this state, \$2,000
5 in the taxable year in which the disabled veteran is hired and \$1,000 in each of the
6 3 taxable years following the taxable year in which the disabled veteran is hired.

7 (c) *Limitations.* 1. Partnerships, limited liability companies, and tax-option
8 corporations may not claim the credit under this subsection, but the eligibility for,
9 and the amount of, the credit are based on their hiring of disabled veterans, as
10 described under par. (b). A partnership, limited liability company, or tax-option
11 corporation shall compute the amount of credit that each of its partners, members,
12 or shareholders may claim and shall provide that information to each of them.
13 Partners, members of limited liability companies, and shareholders of tax-option
14 corporations may claim the credit in proportion to their ownership interests.

15 2. No credit may be claimed under this subsection in any taxable year in which
16 the disabled veteran voluntarily or involuntarily leaves his or her employment with
17 the claimant.

18 3. A claimant may claim a credit under this subsection only for hiring a disabled
19 veteran who has received unemployment compensation benefits for at least one week
20 prior to being hired by the claimant and who was eligible to receive such benefits at
21 the time the benefits were paid.

22 4. With regard to a credit claimed under par. (b) 2., the amount that the
23 claimant may claim is determined as follows:

24 a. Divide the number of hours that the disabled veteran worked for the
25 claimant during the taxable year by 2,080.



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B
SENATE BILL 369

1 b. Multiply the amount of the credit under par. (b) 2., as appropriate, by the
2 number determined under subd. 4. a.

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

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

6 71.30 (3) (dp) Veteran employment credit under s. 71.28 (6n).

7 SECTION 8. 71.34 (1k) (g) of the statutes, as affected by 2011 Wisconsin Act 32,
8 is amended to read:

9 71.34 (1k) (g) An addition shall be made for credits computed by a tax-option
10 corporation under s. 71.28 (1dd), (1de), (1di), (1dj), (1dL), (1dm), (1ds), (1dx), (1dy),
11 (3), (3g), (3h), (3n), (3p), (3q), (3r), (3rm), (3rn), (3t), (3w), (5e), (5f), (5g), (5h), (5i), (5j),
12 (5k), (5n), (5r), (5rm), (6n), and (8r) and passed through to shareholders.


13 SECTION 9. 71.45 (2) (a) 10. of the statutes, as affected by 2011 Wisconsin Act
14 32, 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 (1dy), (3g), (3h), (3n), (3p), (3q), (3r), (3rm), (3rn),
17 (3w), (5e), (5f), (5g), (5h), (5i), (5j), (5k), (5n), (5r), (5rm), (6n), (8r), and (9s) and not
18 passed through by a partnership, limited liability company, or tax-option
19 corporation that has added that amount to the partnership's, limited liability
20 company's, or tax-option corporation's income under s. 71.21 (4) or 71.34 (1k) (g) and
21 the amount of credit computed under s. 71.47 (1), (3), (3t), (4), (4m), and (5).

22 SECTION 10. 71.47 (6n) of the statutes is created to read:

23 71.47 (6n) VETERAN EMPLOYMENT CREDIT. (a) *Definitions*. In this subsection:

24 1. "Claimant" means a veteran who files a claim under this subsection.



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3

1 2. “Disabled veteran” means a veteran who is verified by the department of
2 veteran affairs to have a service-connected disability rating of at least 50 percent
3 under 38 USC 1114 or 1134.

4 3. “Full-time job” means a regular, nonseasonal full-time position in which an
5 individual, as a condition of employment, is required to work at least 2,080 hours per
6 year, including paid leave and holidays.


7 4. “Part-time job” means a regular, nonseasonal part-time position in which
8 an individual, as a condition of employment, is required to work fewer than 2,080
9 hours per year, including paid leave and holidays.

10 5. “Veteran” means a person who is verified by the department of veteran
11 affairs to have served on active duty under honorable conditions in the U.S. armed
12 forces, in forces incorporated as part of the U.S. armed forces, in the national guard,
13 or in a reserve component of the U.S. armed forces.

14 (b) *Filing claims.* Subject to the limitations provided in this subsection, for
15 taxable years beginning after December 31, 2011, a claimant may claim as a credit
16 against the tax imposed under s. 71.43, up to the amount of the tax, an amount equal
17 to any of the following:

18 1. For each disabled veteran the claimant hires in the taxable year to work a
19 full-time job at the claimant’s business in this state, \$4,000 in the taxable year in
20 which the disabled veteran is hired and \$2,000 in each of the 3 taxable years
21 following the taxable year in which the disabled veteran is hired.

22 2. Subject to par. (c) 4., for each disabled veteran the claimant hires in the
23 taxable year to work a part-time job at the claimant’s business in this state, \$2,000
24 in the taxable year in which the disabled veteran is hired and \$1,000 in each of the
25 3 taxable years following the taxable year in which the disabled veteran is hired.



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

9 2. No credit may be claimed under this subsection in any taxable year in which
 10 the disabled veteran voluntarily or involuntarily leaves his or her employment with
 11 the claimant.

12 3. A claimant may claim a credit under this subsection only for hiring a disabled
 13 veteran who has received unemployment compensation benefits for at least one week
 14 prior to being hired by the claimant and who was eligible to receive such benefits at
 15 the time the benefits were paid.

16 4. With regard to a credit claimed under par. (b) 2., the amount that the
 17 claimant may claim is determined as follows:

18 a. Divide the number of hours that the disabled veteran worked for the
 19 claimant during the taxable year by 2,080.

20 b. Multiply the amount of the credit under par. (b) 2., as appropriate, by the
 21 number determined under subd. 4. a.

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

25 71.49 (1) (dp) Veteran employment credit under s. 71.47 (6n).



(S)

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(In B)

1 SECTION 12. 77.92 (4) of the statutes, as affected by 2011 Wisconsin Act 32, is
2 amended to read:

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

end of insert B

19 **SECTION 13. Nonstatutory provisions.**

(10m B)

20 (1) JOINT FINANCE REVIEW. No later than June 30, 2013, the department of
21 workforce development, in conjunction with the department of revenue, shall submit
22 to the joint committee on finance a report describing the impact of the tax credits
23 under sections 71.07 (6n), 71.28 (6n), and 71.47 (6n) of the statutes, as created by this
24 act, on unemployed veterans in this state and shall make a recommendation to the
25 committee as to whether the tax credits should continue. The report shall also

insert C

C

SENATE BILL 369

1 specify the number and type of businesses that have claimed the credits under
2 sections 71.07 (6n), 71.28 (6n), and 71.47 (6n) of the statutes, as created by this act.
3 If the cochairpersons of the committee do not notify the department of workforce
4 development and the department of revenue within 14 working days after the
5 submittal date of the report that the committee has scheduled a meeting for the
6 purpose of reviewing the report's recommendation, the recommendation may be
7 implemented. If, within 14 working days after the submittal date of the report, the
8 cochairpersons of the committee notify the department of workforce development
9 and the department of revenue that the committee has scheduled a meeting for the
10 purpose of reviewing the recommendation, the recommendation may be
11 implemented only upon approval of the committee. ²

12

(END)

End of insert C