



## 2011 SENATE BILL 369

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; **relating to:** an income and  
4           franchise tax credit for hiring unemployed disabled veterans.

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*Analysis by the Legislative Reference Bureau*

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

5           **SECTION 1.** 71.05 (6) (a) 15. of the statutes, as affected by 2011 Wisconsin Act  
6           32, 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),  
9           (3rm), (3rn), (3s), (3t), (3w), (5e), (5f), (5h), (5i), (5j), (5k), (5n), (5r), (5rm), (6n), and  
10          (8r) and not passed through by a partnership, limited liability company, or

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1 tax-option corporation that has added that amount to the partnership's, company's,  
2 or tax-option corporation's income under s. 71.21 (4) or 71.34 (1k) (g).

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

4 **71.07 (6n) VETERAN EMPLOYMENT CREDIT.** (a) *Definitions.* In this subsection:

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

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

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

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

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

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

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

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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, who was receiving such benefits at the time that  
21 he or she was hired by the claimant, and who was eligible to receive such benefits at  
22 the time the benefits were paid.

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

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

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

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

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

8 71.10 (4) (cq) Veteran employment credit under s. 71.07 (6n).

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

11 71.21 (4) Credits computed by a partnership under s. 71.07 (2dd), (2de), (2di),  
12 (2dj), (2dL), (2dm), (2ds), (2dx), (2dy), (3g), (3h), (3n), (3p), (3q), (3r), (3rm), (3rn), (3s),  
13 (3t), (3w), (5e), (5f), (5g), (5h), (5i), (5j), (5k), (5n), (5r), (5rm), (6n), and (8r) and passed  
14 through to partners shall be added to the partnership's income.

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

17 71.26 (2) (a) 4. Plus the amount of the credit computed under s. 71.28 (1dd),  
18 (1de), (1di), (1dj), (1dL), (1dm), (1ds), (1dx), (1dy), (3g), (3h), (3n), (3p), (3q), (3r),  
19 (3rm), (3rn), (3t), (3w), (5e), (5f), (5g), (5h), (5i), (5j), (5k), (5n), (5r), (5rm), (6n), (8r),  
20 and (9s) and not passed through by a partnership, limited liability company, or  
21 tax-option corporation that has added that amount to the partnership's, limited  
22 liability company's, or tax-option corporation's income under s. 71.21 (4) or 71.34 (1k)  
23 (g).

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

25 71.28 (6n) VETERAN EMPLOYMENT CREDIT. (a) *Definitions.* In this subsection:

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- 1           1. “Claimant” means a person who files a claim under this subsection.
- 2           2. “Disabled veteran” means a veteran who is verified by the department of  
3 veteran affairs to have a service-connected disability rating of at least 50 percent  
4 under 38 USC 1114 or 1134.
- 5           3. “Full-time job” means a regular, nonseasonal full-time position in which an  
6 individual, as a condition of employment, is required to work at least 2,080 hours per  
7 year, including paid leave and holidays.
- 8           4. “Part-time job” means a regular, nonseasonal part-time position in which  
9 an individual, as a condition of employment, is required to work fewer than 2,080  
10 hours per year, including paid leave and holidays.
- 11           5. “Veteran” means a person who is verified by the department of veteran  
12 affairs to have served on active duty under honorable conditions in the U.S. armed  
13 forces, in forces incorporated as part of the U.S. armed forces, in the national guard,  
14 or in a reserve component of the U.S. armed forces.
- 15           (b) *Filing claims.* Subject to the limitations provided in this subsection, for  
16 taxable years beginning after December 31, 2011, a claimant may claim as a credit  
17 against the tax imposed under s. 71.23, up to the amount of the tax, an amount equal  
18 to any of the following:
- 19           1. For each disabled veteran the claimant hires in the taxable year to work a  
20 full-time job at the claimant’s business in this state, \$4,000 in the taxable year in  
21 which the disabled veteran is hired and \$2,000 in each of the 3 taxable years  
22 following the taxable year in which the disabled veteran is hired.
- 23           2. Subject to par. (c) 4., for each disabled veteran the claimant hires in the  
24 taxable year to work a part-time job at the claimant’s business in this state, \$2,000

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

3 (c) *Limitations.* 1. 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 hiring of disabled veterans, as  
6 described under par. (b). A partnership, limited liability company, or tax-option  
7 corporation shall compute the amount of credit that each of its partners, members,  
8 or shareholders may claim and shall provide that information to each of them.  
9 Partners, members of limited liability companies, and shareholders of tax-option  
10 corporations may claim the credit in proportion to their ownership interests.

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

14 3. A claimant may claim a credit under this subsection only for hiring a disabled  
15 veteran who has received unemployment compensation benefits for at least one week  
16 prior to being hired by the claimant, who was receiving such benefits at the time that  
17 he or she was hired by the claimant, and who was eligible to receive such benefits at  
18 the time the benefits were paid.

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

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

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

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

4 71.30 (3) (dp) Veteran employment credit under s. 71.28 (6n).

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

7 71.34 (1k) (g) An addition shall be made for credits computed by a tax-option  
8 corporation under s. 71.28 (1dd), (1de), (1di), (1dj), (1dL), (1dm), (1ds), (1dx), (1dy),  
9 (3), (3g), (3h), (3n), (3p), (3q), (3r), (3rm), (3rn), (3t), (3w), (5e), (5f), (5g), (5h), (5i), (5j),  
10 (5k), (5n), (5r), (5rm), (6n), and (8r) and passed through to shareholders.

11 **SECTION 9.** 71.45 (2) (a) 10. of the statutes, as affected by 2011 Wisconsin Act  
12 32, is amended to read:

13 71.45 (2) (a) 10. By adding to federal taxable income the amount of credit  
14 computed under s. 71.47 (1dd) to (1dy), (3g), (3h), (3n), (3p), (3q), (3r), (3rm), (3rn),  
15 (3w), (5e), (5f), (5g), (5h), (5i), (5j), (5k), (5n), (5r), (5rm), (6n), (8r), and (9s) and not  
16 passed through by a partnership, limited liability company, or tax-option  
17 corporation that has added that amount to the partnership's, limited liability  
18 company's, or tax-option corporation's income under s. 71.21 (4) or 71.34 (1k) (g) and  
19 the amount of credit computed under s. 71.47 (1), (3), (3t), (4), (4m), and (5).

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

21 71.47 (6n) VETERAN EMPLOYMENT CREDIT. (a) *Definitions*. In this subsection:

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

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

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

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

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

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

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

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

23           (c) *Limitations.* 1. Partnerships, limited liability companies, and tax-option  
24 corporations may not claim the credit under this subsection, but the eligibility for,  
25 and the amount of, the credit are based on their hiring of disabled veterans, as



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

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

9 3. A claimant may claim a credit under this subsection only for hiring a disabled  
10 veteran who has received unemployment compensation benefits for at least one week  
11 prior to being hired by the claimant, who was receiving such benefits at the time that  
12 he or she was hired by the claimant, and who was eligible to receive such benefits at  
13 the time the benefits were paid.

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

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

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

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

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

23 71.49 (1) (dp) Veteran employment credit under s. 71.47 (6n).

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

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1           77.92 (4) “Net business income,” with respect to a partnership, means taxable  
2 income as calculated under section 703 of the Internal Revenue Code; plus the items  
3 of income and gain under section 702 of the Internal Revenue Code, including taxable  
4 state and municipal bond interest and excluding nontaxable interest income or  
5 dividend income from federal government obligations; minus the items of loss and  
6 deduction under section 702 of the Internal Revenue Code, except items that are not  
7 deductible under s. 71.21; plus guaranteed payments to partners under section 707  
8 (c) of the Internal Revenue Code; plus the credits claimed under s. 71.07 (2dd), (2de),  
9 (2di), (2dj), (2dL), (2dm), (2dr), (2ds), (2dx), (2dy), (3g), (3h), (3n), (3p), (3q), (3r),  
10 (3rm), (3rn), (3s), (3t), (3w), (5e), (5f), (5g), (5h), (5i), (5j), (5k), (5n), (5r), (5rm), (6n),  
11 and (8r); and plus or minus, as appropriate, transitional adjustments, depreciation  
12 differences, and basis differences under s. 71.05 (13), (15), (16), (17), and (19); but  
13 excluding income, gain, loss, and deductions from farming. “Net business income,”  
14 with respect to a natural person, estate, or trust, means profit from a trade or  
15 business for federal income tax purposes and includes net income derived as an  
16 employee as defined in section 3121 (d) (3) of the Internal Revenue Code.

**SECTION 13. Nonstatutory provisions.**

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

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1        Within 14 working days after the submittal date of the report, the cochairpersons of  
2        the committee shall notify the department of workforce development and the  
3        department of revenue that the committee has scheduled a meeting for the purpose  
4        of reviewing the recommendation. The recommendation may be implemented only  
5        upon approval of the committee.

6

**(END)**