



WISCONSIN LEGISLATIVE COUNCIL ACT MEMO

2011 Wisconsin Act 5
[January 2011 Special Session
Assembly Bill 7]

**Income and Franchise Tax
Deduction for Job Creation**

2011 Wisconsin Act 5 creates an income and franchise tax deduction for job creation. Under the Act, a business with gross receipts of \$5 million or less in a taxable year may claim a deduction equal to \$4,000 for each new full-time equivalent (FTE) employee employed in the taxable year. Businesses with gross receipts of more than \$5 million may claim a deduction equal to \$2,000 for each new FTE employee employed in the taxable year. Under the Act, the increase in FTE employees is calculated based on unemployment data reported to the Department of Revenue (DOR). Additionally, no person may claim the tax deduction for job creation if the person may claim a tax credit based on the person relocating the person's business from another state to this state and in an amount equal to the person's tax liability.

The Act directs DOR to promulgate rules to administer the tax deduction.

The Act specifies that the general fund statutory reserve requirement (\$65 million in 2010-11 and the 2011-13 biennium) does not apply to this legislation.

Effective date: 2011 Wisconsin Act 5 takes effect on February 19, 2011. The tax deduction first applies to taxable years beginning on January 1, 2011.

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This memo provides a brief description of the Act. For more detailed information, consult the text of the law and related legislative documents at the Legislature's Web site at: <http://www.legis.state.wi.us/>.