January 5, 2011 – Introduced by COMMITTEE ON SENATE ORGANIZATION, by request of Governor Scott Walker, Senator Wanggaard, and Representative Knilans. Referred to Committee on Workforce Development, Small Business, and Tourism.

AN ACT to amend 71.05 (6) (a) 15., 71.08 (1) (intro.), 71.21 (4), 71.26 (2) (a) 4.,
71.34 (1k) (g), 71.45 (2) (a) 10. and 77.92 (4); and to create 71.07 (9s), 71.10 (4)
(hm), 71.28 (9s), 71.30 (3) (ex), 71.47 (9s) and 71.49 (1) (ex) of the statutes;

relating to: an income and franchise tax credit for businesses that relocate to
this state.

Analysis by the Legislative Reference Bureau
This bill creates an income and franchise tax credit for a business for two consecutive taxable years beginning with the taxable year in which the business locates to this state from another state and begins operations in this state. The credit is equal to the amount of the taxpayer’s income or franchise tax liability after applying all other credits, deductions, and exclusions. The taxpayer does not receive a refund of the credit amount, but, instead, may apply the credit amount to subsequent taxable years.

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:

SECTION 1. 71.05 (6) (a) 15. of the statutes is amended to read:
71.05 (6) (a) 15. The amount of the credits computed under s. 71.07 (2dd), (2de),
(2di), (2dj), (2dL), (2dm), (2dr), (2ds), (2dx), (2dy), (3g), (3h), (3n), (3p), (3q), (3r),
(3rm), (3rn), (3s), (3t), (3w), (5e), (5f), (5h), (5i), (5j), (5k), (5r), (5rm), and (8r), and (9s)
and not passed through by a partnership, limited liability company, or tax−option
corporation that has added that amount to the partnership's, company's, or
tax−option corporation's income under s. 71.21 (4) or 71.34 (1k) (g).

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

71.07 (9s) Relocated Business Credit. (a) Definition. In this subsection,
“claimant” means a person who files a claim under this subsection.

(b) Filing claims. Subject to the limitations provided under this subsection, for
taxable years beginning after December 31, 2010, for 2 consecutive taxable years
beginning with the taxable year in which the claimant’s business locates to this state
from another state and begins operations in this state, a claimant may claim as a
credit against the taxes imposed under ss. 71.02 and 71.08, up to the amount of the
taxes, the amount of the claimant’s tax liability under this subchapter after applying
all other allowable credits, deductions, and exclusions.

(c) Limitations. 1. No person may claim a credit under this subsection if the
person has done business in this state during any of the 10 taxable years preceding
the taxable year in which the person would otherwise be eligible to claim a credit
under par. (b).

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

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

**SECTION 3.** 71.08 (1) (intro.) of the statutes is amended to read:

71.08 (1) **IMPOSITION.** (intro.) If the tax imposed on a natural person, married
couple filing jointly, trust, or estate under s. 71.02, not considering the credits under
ss. 71.07 (1), (2dd), (2de), (2di), (2dj), (2dL), (2dr), (2ds), (2dx), (2dy), (3m), (3n), (3p),
(3q), (3r), (3rm), (3s), (3t), (3w), (5b), (5d), (5e), (5f), (5h), (5i), (5j), (6), (6e), (8r),
and (9e), and (9s), 71.28 (1dd), (1de), (1di), (1dj), (1dL), (1ds), (1dx), (1dy), (2m), (3),
(3n), (3t), and (3w), 71.47 (1dd), (1de), (1di), (1dj), (1dL), (1ds), (1dx), (1dy), (2m), (3),
(3n), (3t), and (3w), 71.57 to 71.61 and subch. VIII and payments to other
states under s. 71.07 (7), is less than the tax under this section, there is imposed on
that natural person, married couple filing jointly, trust or estate, instead of the tax
under s. 71.02, an alternative minimum tax computed as follows:

**SECTION 4.** 71.10 (4) (hm) of the statutes is created to read:

71.10 (4) (hm) **Relocated business credit under s. 71.07 (9s).**

**SECTION 5.** 71.21 (4) of the statutes is amended to read:

71.21 (4) **Credits computed by a partnership under s. 71.07 (2dd), (2de), (2di),
(2dj), (2dL), (2dm), (2ds), (2dx), (2dy), (3g), (3h), (3n), (3p), (3q), (3r), (3rm), (3s),
(3t), (3w), (5e), (5f), (5g), (5h), (5i), (5j), (5k), (5r), (5rm), and (8r), and (9s) and passed
through to partners shall be added to the partnership's income.

**SECTION 6.** 71.26 (2) (a) 4. of the statutes is amended to read:
71.26 (2) (a) 4. Plus the amount of the credit computed under s. 71.28 (1dd), (1de), (1di), (1dj), (1dL), (1dm), (1ds), (1dx), (1dy), (3g), (3h), (3n), (3p), (3q), (3r), (3rm), (3rn), (3t), (3w), (5e), (5f), (5g), (5h), (5i), (5j), (5k), (5r), (5rm), and (8r), and (9s) and not passed through by a partnership, limited liability company, or tax–option corporation that has added that amount to the partnership’s, limited liability company’s, or tax–option corporation’s income under s. 71.21 (4) or 71.34 (1k) (g).

SECTION 7. 71.28 (9s) of the statutes is created to read:

71.28 (9s) RELOCATED BUSINESS CREDIT. (a) Definition. In this subsection, “claimant” means a person who files a claim under this subsection.

(b) Filing claims. Subject to the limitations provided under this subsection, for taxable years beginning after December 31, 2010, for 2 consecutive taxable years beginning with the taxable year in which the claimant’s business locates to this state from another state and begins operations in this state, a claimant may claim as a credit against the taxes imposed under s. 71.23, up to the amount of the taxes, the amount of the claimant’s tax liability under this subchapter after applying all other allowable credits, deductions, and exclusions.

(c) Limitations. 1. No person may claim a credit under this subsection if the person has done business in this state during any of the 10 taxable years preceding the taxable year in which the person would otherwise be eligible to claim a credit under par. (b).

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

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

SECTION 8. 71.30 (3) (ex) of the statutes is created to read:

71.30 (3) (ex) Relocated business credit under s. 71.28 (9s).

SECTION 9. 71.34 (1k) (g) of the statutes is amended to read:

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

SECTION 10. 71.45 (2) (a) 10. of the statutes is amended to read:

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

SECTION 11. 71.47 (9s) of the statutes is created to read:

71.47 (9s) RELOCATED BUSINESS CREDIT. (a) Definition. In this subsection, “claimant” means a person who files a claim under this subsection.

(b) Filing claims. Subject to the limitations provided under this subsection, for taxable years beginning after December 31, 2010, for 2 consecutive taxable years
beginning with the taxable year in which the claimant’s business locates to this state
from another state and begins operations in this state, a claimant may claim as a
credit against the taxes imposed under s. 71.43, up to the amount of the taxes, the
amount of the claimant’s tax liability under this subchapter after applying all other
allowable credits, deductions, and exclusions.

(c) Limitations. 1. No person may claim a credit under this subsection if the
person has done business in this state during any of the 10 taxable years preceding
the taxable year in which the person would otherwise be eligible to claim a credit
under par. (b).

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

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

SECTION 12. 71.49 (1) (ex) of the statutes is created to read:

71.49 (1) (ex) Relocated business credit under s. 71.47 (9s).

SECTION 13. 77.92 (4) of the statutes is amended to read:

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


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

(END)